

December 12, 2007

Edward Gil de Rubio
14 Main Street
Newport, NH 03773

Re: CRDC/Wainshall Partners, LLC
CDBG Grant # 07-410-CDED

Dear Mr. Gil de Rubio:

Enclosed for your records is a fully executed contract for the above referenced project for the Community Development Block Grant Program (CDBG) between the County of Sullivan and the Community Development Finance Authority (CDFA) as approved by the Governor and Council at their meeting on December 11, 2007, Agenda Item #8A. This contract is being forwarded to you for your records. Please examine the contents carefully.

If you are planning to use CDBG funds to procure a consultant for grant administration, please refer to Chapter I of the Grant Implementation Guide, especially page 13. This section gives specific information on how to use the Federal procurement processes.

The Grant Implementation Guide is available from CDFA to aid in the daily administration of the grant. It provides guidance on issues such as environmental review, financial management, civil rights requirements, contract administration and reporting. Failure to meet these requirements could result in an interruption in the disbursement of grant funds. Please note for auditing purposes, the Catalog of Federal Domestic Assistance number for HUD Community Development Block Grants - State Administered Community Development Block Grant Program is 14.228.

An original Payment Request form, which you may copy to submit requests to drawdown CDBG funds, will be forwarded to you. Should you have any questions regarding this contract, please contact Elizabeth Sweeney. She may be reached at 717-9123.

Sincerely,



Christine Conlogue
Community Development Operations Manager

Enclosure

His Excellency, Governor John Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

Approval by the Governor
and Council on 12/11/07
Agenda Item # 8 A

REQUESTED ACTION

Authorize the Community Development Finance Authority (CDFA), under the Community Development Block Grant (CDBG) program to enter into an Agreement with Sullivan County, 14 Main Street, Newport, NH 03773, in the amount of \$500,000, to support the rehabilitation of the Wainshall Mill in the downtown Claremont area, beginning from the date of the Governor and Council approval until June 30, 2010. **100% federal funds.**

EXPLANATION

This Agreement allocates a portion of the Community Development Block Grant provided to New Hampshire by the U. S. Department of Housing and Urban Development (HUD) for the 2007 Fiscal Year. The Community Development Finance Authority is administering this program as provided by RSA 162-L. The funds for this contract are from the Community Development Block Grant Fund, which is intended to help municipalities solve development problems.

The project will provide funding to Sullivan County, which will use \$12,000 to administer the grant and will subgrant \$488,000 to the Capital Regional Development Council (CRDC). CRDC will provide a loan of \$480,000 in order to support the rehabilitation of the Wainshall Mill, in the downtown Monadnock Mill complex. The Claremont Development Authority has facilitated the restoration of the Monadnock Mill complex, which includes the redevelopment of four old vacant mill buildings: the Peterson Mill, the Sawtooth Mill, the Woven Label Mill, and now, the Wainshall Mill. CRDC will retain \$8,000 for loan administration.

The Wainshall Mill, 62,184, sq.ft., which is the subject of this grant, will be occupied as follows: (a) Woven Label, LLC, with its hotel and restaurant operation, will occupy 36.6% of the space; (b) Red River Computer Company will occupy 39.9% of the space; and (c) Sugar River Mills Development will occupy 23.5%. The ownership of Wainshall Partners, LLC is in proportion to the space occupied.

Overall construction costs are estimated to be (a) \$8 million for construction for the shell and common areas and (b) \$4.3 million for interior fit-up. Total costs for the restoration of the mill, including fees, interest and contingency, are expected to be \$16,648,425.

Financing will be pooled through an investment partnership in accordance with the New Markets Tax Credit structure, in order to receive the federal tax credit through Coastal Enterprises, Inc. and its certified community development entity, CEI Capital Management, LLC:

- (1) The debt portion of the financing will be a pool of loan funds (\$7.8 million) consisting of:
 - (a) a developer loan from Wainshall Partners of \$1,000,000 – an aggregation of a loan from Woven Label, LLC, a loan from Sugar River Mills Development and a loan from Red River Computer Company;
 - (b) a bank loan of approximately \$6.2 million, and
 - (c) the CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

(2) The equity portion of the financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

The business involved in this grant, Red River Computer Company, Inc. (RRCC), is a reseller of hardware & software information technology products and services that works primarily with the federal government. RRCC will re-locate 52 of its Lebanon-based employees to the Wainshall Mill. In addition, RRCC has committed to hire 38 new employees as a result of this expansion, of which 60% will be filled by low and moderate income persons.

Additional public benefit to the County is demonstrated in the general revitalization of the Claremont downtown mill area, with historical significance and the transformation of a number of currently city-owned, vacant building into an economically viable center for downtown residents, commerce and entertainment.

Sincerely,

A handwritten signature in black ink, reading "Katharine Bogle Shields". The signature is written in a cursive, flowing style.

Katharine Bogle Shields
Executive Director

EMS:acc

G&C: 12/11/07

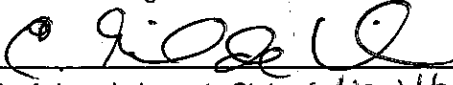
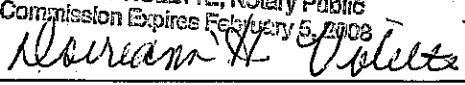


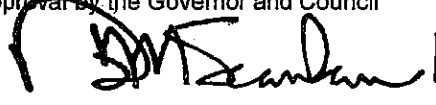
Attachments

CDBG GRANT PROGRAM**GRANT AGREEMENT**

The Community Development Finance Authority and the Grantee hereby mutually agree as follows:

GENERAL PROVISIONS

1. Identification and Definitions

1.1 Agency Name New Hampshire Community Development Finance Authority		1.2 Agency Address 14 Dixon Ave., Suite 102 Concord, New Hampshire 03301	
1.3 Grantee Name County of Sullivan		1.4 Grantee Address 14 Main Street Newport, New Hampshire 03773	
1.5 Account Number	1.6 Completion Date June 30, 2010	1.7 Audit Date n/a	1.8 Price Limitation \$500,000.
1.9 Contracting Officer Daniel R. Gray, Chairman, Board of Directors		1.10 Telephone Number (603) 226-2170	
1.11 Grantee Signature 		1.12 Name & Title of Grantee Signor Edward Gil de Rubio, County Manager	
1.13 Acknowledgment: State of <u>New Hampshire</u> , County of <u>Sullivan</u> On <u>11-26-07</u> , before the undersigned officer, personally appeared the person identified in block 1.12., or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace SEAL  DOIREANN H. VIOLETTE, Notary Public My Commission Expires February 5, 2008			
1.13.2 Name and Title of Notary Public or Justice of the Peace COMMISSION EXPIRATION DATE:			
1.14 Agency Signatures(s) 		1.15 Name & Title of Agency Signor(s) Katharine Bogle Shields, Executive Director Community Development Finance Authority	
1.16 Approval by Department of Personnel (Rate of Compensation for Individual Consultants) By: _____ Director, On: _____			
1.17 Approval by Attorney General (Form, Substance and Execution) By:  Assistant Attorney General, On: <u>12/3/07</u>			
1.18 Approval by the Governor and Council By:  DEPUTY SECRETARY OF STATE DEC 11 2007			

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GRANT AGREEMENT

GENERAL PROVISIONS CONTINUED

2. GRANT AWARD: PROJECT TO BE FUNDED.

2.1 The Community Development Finance Authority (hereinafter "CDFA"), an authority of the State of New Hampshire established pursuant to N.H. RSA 162-L, is authorized to award and administer U.S. Department of Housing and Urban Development Community Development Block Grant ("CDBG") funds pursuant to state and federal program requirements.

2.2 The County of Sullivan (hereinafter Grantee) is a body politic and corporate of New Hampshire with a principal place of business located at 14 Main Street, Newport, New Hampshire.

2.3 CDFA hereby awards CDBG grant funds to Grantee to perform, and the Grantee shall perform, certain project activities identified and more particularly described in the Grant Activities attached hereto as EXHIBIT A and incorporated herein by reference.

3. EFFECTIVE DATE: COMPLETION OF GRANT ACTIVITIES.

3.1 This Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Council of New Hampshire approve this Agreement.

3.2 Except as otherwise specifically provided for herein, all Grant Activities, including all reports required by this Agreement, shall be completed in their entirety prior to the Completion Date.

4. GRANT FUNDS; LIMITATION ON GRANT FUNDS; VOUCHERS; PAYMENT.

4.1 The total amount of CDBG Grant Funds, method of payment and terms of payment are identified and more particularly described in EXHIBIT B, attached hereto and incorporated herein by reference.

4.2 The payment by CDFA of the Grant Funds shall be the only, and the complete, reimbursement to Grantee for all expenses, of whatever nature, incurred by Grantee in the performance hereof, and shall be the only, and the complete, compensation to the Grantee for the Project Activities. CDFA shall have no liability to Grantee for any monies in excess of the Grant Funds as provided herein.

4.3 Payment of Grant Funds shall be as set forth in EXHIBIT B.

4.4 CDFA reserves the right to offset from any amount otherwise payable to the Grantee under this Agreement those liquidated amounts required or permitted to be withheld pursuant to N.H. RSA 80:7 through 7-c.

4.5 Notwithstanding anything in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made, hereunder exceed the total Grant Funds set forth in this Agreement.

5. COMPLIANCE BY GRANTEE AND ANY SUBRECIPIENTS, CONTRACTORS AND SUBCONTRACTORS WITH LAWS AND REGULATIONS.

5.1 In connection with the performance of the Grant Activities, Grantee and any Subrecipient, contractor or subcontractor, shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which shall impose any obligation or duty upon the Grantee and other participants in the Grant Activities.

5.2 During the term of this Agreement, the Grantee shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap or national origin and will take affirmative action to prevent such discrimination.

5.3 As this Agreement is funded by monies of the United States, Grantee shall comply with all of the provisions of Executive Order No. 11246 ("Equal Employment Opportunity") as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. Grantee further agrees to permit the State, the United States, or any designated representative of either, to have access to any of the Grantees books, records, and accounts for the purpose of ascertaining compliance with the aforesaid rules regulations and orders, and the covenants and conditions of this Agreement.

5.4 Grantee shall also comply, and shall require any Subrecipient, contractor and subcontractor to comply, with the following federal and state laws and all applicable standards, rules, orders, or regulations issued pursuant thereto:

5.4.1 The Copeland "Anti-Kickback" Act, as amended (118 USC 874) as supplemented in Department of Labor regulations (41 CFR Chapter 60).

5.4.2 Nondiscrimination, Title VI of the Civil Rights Act of 1974 (PL 88- 352), as amended, (42 USC 2000d) the Fair Housing Act of 1968 (PL 90-284), Executive Orders 11063 and 12259, and the requirements imposed by the Regulations of the Department of Housing and Urban Development (24 CFR 107 and 24 CFR 570.496) issued pursuant to that Title.

5.4.3 Labor Standards. Davis-Bacon Act, as amended (40 USC 276a-276a-7), the Contract Work Hours and Safety Standards Act (40 USC 327-333).

5.4.4 The Flood Disaster Protection Act of 1973 (PL 93-234), as amended, regulations issued pursuant to that act, and Executive Order 11985.

5.4.5 Architectural Barriers Act (PL 90-480), 42 USC 4151, as amended, and the regulations issued or to be issued thereunder, including uniform accessibility standards (24 CFR 40) for public buildings with 15 or more residential units. RSA 275-C:10 and the New Hampshire Architectural Barrier Free Design Code (Han 100, et. seq.) also applies.

5.4.6 Rehabilitation Act of 1973, 29 USC 794, Sections 503 and 504, Executive Order 11914 and U.S. Department of Labor regulations issued pursuant thereto.

5.4.7 The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646), as amended, 15 CFR Part 916 including amendments thereto and regulations thereunder.

5.4.8 The National Environmental Policy Act of 1969 (PL 90-190); the National Historic Preservation Act of 1966 (80 Stat 915, 116 USC 470); and Executive Order No. 11593 of May 31, 1971, as specified in 24 CFR 58.

5.4.9 The Clean Air Act, as Amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq. and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended from time to time.

5.4.10 RSA 354 and rules of the New Hampshire Human Rights Commission (HUM 100, et. seq.) on discrimination in employment, membership, accommodations, and housing.

5.4.11 The Age Discrimination Act of 1975 as amended (42 USC 6101, et. seq.) and implementing regulations.

5.4.12 The lead paint requirements (24 CFR 35) of The Lead-Based Paint Poisoning Prevention Act (42 USC 4821, et. seq.).

5.4.13 The NH State Energy Code (RSA 155-D).

5.4.14 The NH State Life Safety Code (RSA 155:1) and rules of the NH State Fire Marshall.

5.4.15 Citizen Participation Requirements. The 1987 amendments to the Housing and Community Development Act of 1974, stated in Section 508.

5.4.16 Affirmative Action Requirements. In furtherance of its covenant Grantee shall:

(1) take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, creed, age, sex, or national origin; such action shall be taken in conjunction with any of the Grantee's acts in the capacity of an employer including, but not limited to: employment of individuals, upgrading, demotions or transfers, recruitment or recruitment advertising; layoffs or terminations; changes in rates of pay or other forms of compensation; selection for training, including apprenticeship, and participation in recreational and educational activities;

(2) post in conspicuous places available to employees and applicants, employment notices, to be provided by CDFA, setting forth the provisions of this non-discrimination clause; the Grantee will, in all solicitations or advertisements for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, age, sex or national origin;

(3) keep all such information, records and reports as may be required by the rules, regulations or orders of the Secretary of Labor and furnish or submit the same at such times as may be required; the Grantee shall also permit CDFA, or the Secretary of Labor or any of their designated representatives to have access to any of the Grantee's books, records and accounts for the purpose of investigation to ascertain compliance with the aforesaid rules, regulations and orders and covenants and conditions herein contained;

(4) during the term of this agreement, shall not discriminate among participants under this agreement on the basis of race, color, religion, sex, handicap or national origin. For the purpose of this agreement, distinctions on the grounds of the following: denying a participant any service or benefit or availability of a facility; providing any service or benefit to a participant which is different, or is provided in a different manner or at a different time from that provided to other participants under this agreement; subjecting a participant to segregation or separate treatment in any matter related to his receipt of any service; restricting a participant in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; treating a participant differently from others in determining whether he satisfies any admission, enrollment quota, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or benefit; the assignment of times or places for the provision of services on the basis of race, color, religion, sex, or national origin of the participants to be served.

5.4.17 Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u) as amended by the Housing and Community Development Act of 1992 (42 USC 5301).

5.5 Grantee shall cause the applicable provisions of this Section 5 of the General Provisions to be inserted in all subrecipient agreements, contracts and subcontracts for any work or Project Activities covered by this Agreement so that the provisions will be binding on each subrecipient, contractor and subcontractor; provided, however, that the foregoing provisions shall not apply to contracts for standard commercial supplies or raw materials. Grantee shall take such action with respect to any subrecipient agreement, contract or subcontract as the State, or, where applicable, the United States, may direct as a means of enforcing such provisions, including sanctions for noncompliance.

6. PERSONNEL; CONFLICT OF INTEREST.

6.1 Those Grant Activities to be performed by Grantee as provided in this Agreement and any Exhibits or Attachments hereto shall be carried out by employees, consultants, or other agents of the Grantee. Grantee warrants that all persons it engages in the Project Activities shall be qualified to perform such Activities, and shall be properly licensed and authorized to perform such Activities under all applicable laws.

6.2 Grantee shall not hire, and it shall not permit any subrecipient, contractor or subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Grant Activities, to hire any person who has a contractual relationship with CDFA or the State, or who is a State officer or employee, elected or appointed.

6.3 The Director of CDFA shall be the representative of CDFA hereunder. In the event of any dispute hereunder, the Director shall make any final decision on the interpretation of this Agreement.

6.4 No officer, member or employee of Grantee or any Subrecipient and no other representative, public official or employee of the State of New Hampshire or of the governing body of the locality or localities in which the Project Activities are to be carried out who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of such Grant Activities, shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is directly or indirectly interested, nor shall such person have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof. No member or delegate to the Congress of the United States of America and no resident Commissioner shall be admitted to any share or part hereof or to any benefit arising herefrom.

6.5 Grantee shall prepare and adopt a written Code of Ethics governing the performance of its employees engaged in the procurement of supplies, equipment, construction and services consistent with the requirements of 24 CFR 85.36(h). The Code of Ethics shall be prepared in the form shown in the CDBG Implementation Guide, and shall be formally adopted prior to requesting Grant Funds. The Grantee shall also comply with the conflict of interest requirements of 24 CFR 570.489(h).

7. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding anything in this Agreement to the contrary, all obligations of CDFA including, without limitation, the awarding of grant funds and the continuance of payments hereunder, are contingent upon the availability and continued appropriation of such funds, and in no event shall CDFA be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of those funds, CDFA shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving Grantee notice of such termination.

8. DEFAULT; REMEDIES.

8.1 Events of Default. Any one or more of the following events or acts or omissions of the Grantee shall constitute an event of default hereunder (hereinafter referred to as "Events of Default"):

- 8.1.1 failure to perform the Grant Activities satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder;
- 8.1.3 failure to maintain, or permit access to, the records required hereunder;
- 8.1.4 failure, upon request by CDFA, to reimburse CDFA for Grant Funds used by Grantee or any Subrecipient for expenses other than Project Costs;
- 8.1.5 failure to perform any of the other covenants and conditions of this Agreement;
- 8.1.6 any representation made by Grantee in connection with the application and acceptance of Grant Funds shall be incorrect or incomplete in any material respect;
- 8.1.7 the intent and purpose of the Project is changed substantially so as to significantly affect the accomplishment of the Project and the assurances of long term availability for Low and Moderate Income Households as intended; or
- 8.1.8 any provision of the applicable conflict of interest requirements as specified in this Agreement or any exhibit or attachment hereto is violated.

8.2 Upon the occurrence of any Event of Default, CDFA may take any one, or more, or all, of the following actions:

- 8.2.1 give the Grantee a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Grantee notice of termination;
- 8.2.2 give the Grantee a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the Grant Funds which would otherwise accrue to the Grantee during the period from the date of such notice until such time as CDFA determines that the Grantee has cured the Event of Default shall never be paid to the Grantee;
- 8.2.3 set off against any other obligation CDFA may owe to the Grantee any damages CDFA suffers by reason of any Event of Default; and
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. TERMINATION; REMEDIES.

9.1 Termination Report. In the event of an early termination of this Agreement or the Project for any reason other than the completion of the Grant Activities, Grantee shall deliver to the Executive Director of CDFA, not later than forty-five (45) days after the date of termination, a report (hereinafter referred to as the "Termination Report") describing in detail all Grant Activities performed, and the Grant Funds earned up to and including the date of termination. To the extent possible, the form, subject matter, content, and number of copies of the Termination Report shall be

identical to those of any Final Report or Closeout Report as may be described in Exhibit A. The Termination Report shall indicate the reason for termination as well as the progress, costs incurred, outstanding obligations and liabilities, to date.

9.2 Inability to Perform; Termination by Grantee. As a result of causes beyond its control, and notwithstanding the exercise of good faith and diligence in the performance of its obligations hereunder, if it shall become necessary for Grantee to terminate this Agreement, Grantee shall give CDFA fifteen (15) days advance written notice of such termination, in which event the Agreement shall terminate at the expiration of said fifteen (15) days.

9.3 Termination Without Default. In the event of termination without default and upon receipt, acceptance and approval by CDFA of the Termination Report, Grantee shall receive payment for all Project Costs incurred in the performance of Grant Activities completed up to and including the date of termination and for which payment had not previously been made including, but not limited to, all reasonable expenses incurred in the preparation of the Termination Report; provided, however, that in the event that any payments have been made hereunder in excess of Project Costs incurred up to and including the date of termination of the Agreement, CDFA shall offset any payments to be made hereunder against such payments, and if applicable, Grantee shall refund to CDFA the amount of any excess funds it retains after such offset.

9.4 Termination for Default. In the event of termination for default or other violation of Program requirements, CDFA shall, upon receipt, acceptance and approval of the Termination Report submitted by Grantee, pay Grantee for Project Costs incurred up to and including the date of termination (subject to off-set against funds paid to Grantee hereunder and to the refund of any excess funds); provided, however, that in such event the amount of such payment shall be determined solely by CDFA; and provided, further, that in no event shall the making of any such payments relieve Grantee of any liability for damages sustained or incurred by CDFA as a result of Grantee's breach of its obligations hereunder, or relieve Grantee of responsibility to seek return of Grant Funds from any Subrecipient or Beneficiary where applicable.

9.5 Limitation on Grantee Liability for Subgranted Funds. Notwithstanding anything in this Agreement to the contrary and absent the presence of fraud or negligence on the part of Grantee in enforcing its rights and obligations under the terms of any subrecipient agreement, the sole obligation of Grantee with respect to the return of Grant Funds, in the event of default on a grant condition or other termination of the Project or event requiring return of Grant Funds, shall be to make a good faith effort to return to the State of New Hampshire all grant funds paid to Subrecipient through Grantee. Grantee shall make good faith efforts to enforce the legal obligations entered into with the Subrecipient as provided herein, to call upon the collateral held by itself or others, and exercise due diligence in its efforts in bringing about the satisfaction of the grant obligations and, having done so, it shall not be required to look to any other funds or its tax base to recoup grant funds not recovered from the Subrecipient.

9.6 Assignment to CDFA and Payment of Expenses and Costs. Grantee hereby agrees that, in the event it fails to enforce the provisions of any Subrecipient Agreement or fails to cure an Event of Default resulting in termination of this Agreement or the Project, Grantee shall, upon demand by CDFA, assign and convey to CDFA all or any of its rights, title and interest, or delegate to CDFA all or any of its obligations under the Subrecipient Agreement and any Mortgage, Promissory Note, Security Agreement or other agreement as applicable. Such delegation or assignment shall be effective only in the event of a default by Subrecipient or Beneficiary in its or their obligations under the Subrecipient Agreement or other agreement. In the event that CDFA assumes any of the obligations of Grantee as provided herein, Grantee shall pay all costs and expenses incurred by CDFA in the enforcement of the Subrecipient Agreement, collection upon any loan, mortgage or other security, or in curing any Event of Default.

10. DATA; RECORDS AND ACCOUNTS; ACCESS.

10.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

10.2 During the performance of the Project Activities and for a period of three (3) years after the Completion Date or the date of the final audit approval by CDFA, whichever is later, the Grantee shall keep, and shall require any Subrecipient to keep, the following records and accounts:

10.2.1 Records of Direct Work: Detailed records of all direct work performed by its personnel under this Agreement.

10.2.2 Fiscal Records: Books, records, documents and other statistical data evidencing, and permitting a determination to be made by CDFA of all Project Costs and other expenses incurred by the Grantee and all income received or collected by the Grantee, during the performance of the Project Activities. The said records shall be maintained in accordance with accounting procedures and practices acceptable to CDFA, and which sufficiently and properly reflect all such costs and expenses, and shall include, without limitation, all ledgers, books, records and original evidence of costs such as purchase requisitions and orders, invoices, vouchers, bills, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls and other records requested or required by CDFA.

10.2.3 Contractor and Subcontractor Records: The Grantee shall, and where applicable, Subrecipient shall, establish, maintain and preserve, and require each of its contractors and subcontractors to establish, maintain and preserve property management, project performance, financial management and reporting documents and systems, and such other books, records, and other data pertinent to the project as the CDFA may require. Such records shall be retained for a period of three (3) years following completion of the project and receipt of final payment by the Grantee, or until an audit is completed and all questions arising therefrom are resolved, whichever is later.

10.3 Rights in Data: During the performance of this Agreement and the said three (3) year period, CDFA, HUD and their designated representatives shall have unrestricted access to all data prepared under this Agreement for purposes of duplication, publication, translation, sale or disposal, or for any purpose whatsoever; provided, however, that publication by CDFA, HUD or their designated representatives of any data shall include reasonable credit to the Grantee.

10.4 Proscription Against Copyright: No data, information or other material produced in whole or in part under this Agreement shall be subject to copyright in the United States or any other country.

10.5 Audits and Inspections: During the performance of the Project Activities and the three (3) year retention period, at any time during normal business hours and as often as CDFA, HUD or the Comptroller General of the United States, together or severally, may deem necessary, the Grantee shall make available to CDFA, HUD or representatives of the Comptroller General as requested all records pertaining to matters covered by this Agreement. The Grantee shall permit CDFA, HUD or representatives of the Comptroller General, collectively or severally, to audit, examine and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data and other information relating to all matters covered in this Agreement.

11. GRANTEES RELATION TO THE STATE. In the performance of this Agreement, Grantee is in all respects an independent contractor, and is neither an agent nor an employee of CDFA or the State.

Neither Grantee nor any of its officers, employees, agents or members shall have authority to bind CDFA or the State nor are they entitled to any of the benefits, worker's compensation or emoluments provided by CDFA or the State to its employees.

12. ASSIGNMENT; SUBRECIPIENT AGREEMENTS; CONTRACTS AND SUBCONTRACTS; PRECONSTRUCTION CONFERENCES.

12.1 Assignments, Subrecipient Agreements, Contracts and Subcontracts. Grantee shall not assign or otherwise transfer any interest in this Agreement or enter into any subrecipient agreement, contract or subcontract without the prior written consent of CDFA. All subrecipient agreements, contracts and subcontracts and any other supporting documents, to include, without limitation, any loan or other financing agreements, security agreement, mortgage or note, shall contain such provisions as may be required pursuant to this Agreement or any Exhibits or Attachments hereto or as may be requested by CDFA and shall comply with all applicable rules and regulations governing the performance of the Grant Activities and all other applicable requirements set forth in this Agreement. Grantee shall furnish CDFA for approval, a copy of any forms used for contracts to be used in connection with this grant project.

12.2 Preconstruction Conferences. Grantee shall provide CDFA reasonable notice of all preconstruction conferences to be scheduled in connection with the Grant Activities and afford CDFA the option of participating in such conferences.

13. INDEMNIFICATION. Grantee shall defend, indemnify and hold harmless CDFA and the State of New Hampshire, their officers and employees, from and against any and all losses suffered by CDFA and/or the State, their officers and employees, and any and all claims, liabilities or penalties asserted against CDFA and the State, their officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of Grantee. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this Agreement.

14. INSURANCE; BONDING; BID GUARANTEES.

14.1 Grantee shall, at its sole expense, obtain and maintain in force, and shall require any Subrecipient, contractor or subcontractor or assignee to obtain and maintain in force, for the benefit of CDFA and the State of New Hampshire, the following insurance:

14.1.1 if applicable and only to the extent required by law, statutory worker's compensation and employers liability insurance for all employees engaged in the performance of the Grant Activities.

14.1.2 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per incident; and

14.1.3 fire and extended coverage insurance covering all property purchased or improved with Grant Funds in an amount not less than 100% of the whole replacement value of the property.

14.2 The policies described in this paragraph shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. Each policy shall contain a clause prohibiting cancellation or modification of the policy earlier than 10 days after written notice thereof has been received by CDFA.

14.3 Bid Guarantees: Units of local government shall follow their own normal requirements relating to bid guarantees or bonds or performance bonds.

14.4 Bonds Required: Grantee covenants that each of its officials or employees having custody of the Grant funds during acquisition, construction, development, and operation of Grant Activities shall be bonded at all times in accordance with RSA 41:6 and rules adopted thereunder by the Department of Revenue Administration.

14.5 Subcontracts, Bonds Required: When Grantee or any Subrecipient awards a contract or subcontract exceeding \$100,000 in amount for the construction, alteration or repair of any public building or other public improvement or public work, including highways, the Grantee shall, or where applicable Subrecipient shall, as a minimum, require each contractor and subcontractor to carry payment and performance bonds for 100% of the value of the contract.

15. NO WAIVER OF BREACH. No failure by the CDFA to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event, or any subsequent Event. No express waiver of any Event of Default shall be deemed a waiver of any provision hereof. No such failure or waiver shall be deemed a waiver of the right of CDFA to enforce each and all of the provisions hereof upon any further or other default on the part of Grantee.

16. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in Blocks 1.2 and 1.4, above.

17. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire.

18. CONSTRUCTION OF AGREEMENT AND TERMS.

18.1 This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns.

18.2 The headings are used only as a matter of convenience and are not to be considered a part of this Agreement or to be used in determining the intent of the parties hereto.

19. THIRD PARTIES. Except as may be otherwise expressly provided herein, the parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

20. REPORTS. As part of the performance of the Grant Activities, Grantee covenants and agrees to submit the following:

20.1 Semi-Annual Progress Reports: Semi-Annual progress reports which identify the status of Grant Activities performed, the outlook for completion of the remaining Grant Activities prior to the Completion Date and the changes, if any which need to be made in the Project or Grant Activities, shall be submitted by the 15th of the month in one (1) copy following the end of every other quarter.

20.2 Financial Reports: Two (2) copies of Financial reports, including a statement detailing all Grant or Project Costs (as hereinafter defined) which have been incurred since the prior request for reimbursement, shall be submitted with each request for reimbursement and with the Closeout Report. Financial Reports shall be submitted on forms provided by CDFA.

20.3 Closeout Report: Within thirty (30) days after the Completion Date, two (2) copies of Closeout Report shall be submitted which summarizes the results of the Grant Activities, showing in

particular how the Grant Activities have been performed. The Closeout Report shall be in the form required or specified by CDFA.

20.4 Audited Financial Reports: The Audited Financial Reports shall be prepared in accordance with the regulations (24 CFR Part 44) which implement OMB Circular A-133. Two (2) copies of the audited financial report shall be submitted within thirty (30) days of the completion of said report to CDFA.

Where the Grantee is not subject to the requirements of OMB Circular A-133, one of the following options will be chosen by CDFA:

A. Within ninety (90) days after the Completion or Termination Date two (2) copies of an audited financial report shall be submitted to CDFA. Said audit shall be conducted utilizing the guidelines set forth in "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" by the Comptroller General of the United States.

B. CDFA will conduct a financial Review-in-Lieu of Audit within ninety (90) days after the Completion Date of the Project.

Where the length of the grant period exceeds twenty-four (24) months, there shall be an interim audit performed and submitted.

21. USE OF GRANT FUNDS.

21.1 Relation to Final Statement: Grant funds are to be used in a manner consistent with the Final Statement for the State of New Hampshire Community Development Block Grant Program as approved by the U.S. Department of Housing and Urban Development.

21.2 Conformance to 24 CFR 85: Grant funds are to be used only in accordance with procedures, requirements and principles specified in 24 CFR 85.

21.3 Written Prior Approval: Grant funds may not, without advance written approval by CDFA, be obligated prior to the Effective Date or subsequent to the Completion Date of the grant period. Obligations outstanding as of the Completion Date shall be liquidated within ninety (90) days. Such obligations must be related to goods or services provided during the grant period, except that reasonable costs associated solely with grant closeout, (e.g., audits, final reports) may be incurred within ninety (90) days after the Completion Date. The funding assistance authorized hereunder shall not be obligated or utilized for any activities requiring a release of funds under the Environmental Review Procedure for the Community Development Block Grant Program at 24 CFR Part 58, until such release is issued in writing by CDFA.

21.4 Changes In Funding Project Activities: Grantee may submit a written request for the authority to transfer up to ten (10) percent of the full value of the grant from one approved activity to another listed in Exhibit A herein or from an approved activity within the approved project area to an approved activity located outside the project area and the Director of CDFA may approve the requested transfer.

Transfers over ten percent of the full value of the grant from one approved activity to other approved activities or outside the target area, or the addition of one or more new activities requires an amendment to this grant agreement. Grantee shall hold a public hearing in accordance with RSA 4:C:14 II(b) submitting a request for an amendment involving twenty-five (25) percent or more of the full value of the grant.

22. PERFORMANCE OF SERVICES BY GRANTEE PRIOR TO EFFECTIVE DATE; PAYMENT BY CDFA. Any Grant Activities performed by Grantee with non-CDBG funds prior to the Effective Date shall be performed at the sole risk of Grantee, and in the event that this Agreement shall not become effective,

CDFA shall be under no obligation to pay Grantee for any costs incurred in connection with any Grant Activities, or to otherwise pay for any Activities performed during such period.

23. PROGRAM INCOME.

23.1 Program Income: All program income earned during the term of this Agreement shall be retained by Grantee or, in projects involving the administration of a revolving loan fund by the Subrecipient.

23.2 When Used For Project Activities: When program income becomes available, Grantee and, where applicable, Subrecipient shall use it for Grant Activities contained in the Project Description before drawing down additional funds unless the program income is deposited in a revolving loan account with prior approval by CDFA.

23.3 When Used For Eligible Activities: After completion of the Grant Activities specified in this Agreement, Grantee and, where applicable, Subrecipient shall use program income only for eligible activities which benefit primarily people from low and moderate income families, with prior approval by CDFA as specified in the Closeout Agreement between CDFA and Grantee and, where applicable, Subrecipient.

24. GRANTEE FINANCIAL MANAGEMENT SYSTEM.

24.1 State, Local Procedures Apply: Except where inconsistent with federal requirements, state procedures and practices will apply to funds disbursed by CDFA, and local procedures and practices will apply to funds disbursed by units of local government.

24.2 Cash Advances: Cash advances to Grantee shall be approved only to the extent necessary to satisfy the actual, immediate cash requirements of Grantee in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by Grantee for direct program costs and the proportionate share of any allowable indirect costs. Cash advances made by Grantee to subrecipients shall conform to the same standards of timing and amount as apply to advances to Grantee including the furnishing of reports of cash disbursements and balances.

24.3 Fiscal Control: Grantee must establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, grant funds and any required non-federal expenditures. This responsibility applies to funds disbursed by subrecipients and contractors as well as to funds disbursed in direct operations of Grantee. Grantee shall be required to maintain a financial management system which complies with 24 CFR 85.20 or such equivalent system as CDFA may require. Requests for payment shall be made according to CDFA's Small Cities Implementation Guide.

25. PROCUREMENT. Grantee and any Subrecipient procurement procedures shall be in accordance with state and local procurement practices and regulations, provided that procurements made with Grant Funds adhere, as a minimum, to the standards set forth in 24 CFR 85.36. Grantee shall not use debarred, suspended or ineligible contractors or subrecipients as provided in 24 CFR 570.489 (I).

26. LOW AND MODERATE INCOME BENEFIT. Grantee, in the administration of this grant and spending of grant funds, shall maximize the proportion of benefits to low and moderate income individuals and families to the extent possible. Grantee shall use the current Section 8 income standards (of the U.S. Housing Act of 1937, as amended, 42 USC 1401 et seq.) in effect for its geographic area in its administration of this grant. CDFA shall notify Grantee of any changes in income standards to be used by Grantee.

27. OTHER CERTIFICATIONS.

27.1 Special Assessment. Grantee certifies that it shall not levy special assessments or charge access fees against properties owned and occupied by low and moderate income persons to recover capital costs of public improvements which were assisted in whole or in part with CDBG funds. Grantee may request in writing and the Director of CDFA may give written permission in certain situations under 24 CFR 570.482 (b) to recover that portion of capital costs financed with non-CDBG funds from non-low and moderate income households.

27.2 Affirmatively Furthering Affordable Housing. Grantee certifies that it has no ordinances, codes or written policies which effectively exclude mobile homes or manufactured housing and rental housing which may be occupied by low and moderate income households.

27.3 Affirmatively Furthering Fair Housing. Grantee certifies that it will conduct and administer the grant in conformity with the Fair Housing Act (42 USC 3601-20) and will affirmatively further fair housing.

27.4 Excessive Force by Law Enforcement Agencies. Grantee certifies that it has adopted and enforces a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 519 of Public Law 101-144.

27.5 Lobbying. Grantee certifies that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

27.6 Certification of Nonsegregated Facilities as required by the May 9, 1967, Order (32 FR 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor. Prior to the award of any construction contract or subcontract exceeding \$10,000, Grantee shall require the prospective prime contractor and each prime contractor shall require each subcontractor to submit the following certification:

By the submission of this bid, the bidder, offer or, applicant or subcontractor certifies that he/she does not maintain or provide for his/her employees any segregated facilities at any of his/her establishments, and that he/she does not permit his/her employees to perform their services at any location, under his/her control where segregated facilities are maintained.

He/she certifies further that he/she will not maintain or provide for his/her employees any segregated facilities at any of his/her establishments, and that he/she will not permit his/her employees to perform their services at any location, under his/her control, where segregated facilities are maintained. The bidder, offer or, applicant, or subcontractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color or national origin, because of habit, local custom, or otherwise. He/she further agrees that (except where he/she has obtained identical certifications from proposed subcontractors for specific time periods) he/she will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause: that he/she will retain such certifications in his/her files: and that he/she will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

**NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR
CERTIFICATIONS OF NONSEGREGATED FACILITIES**

A Certification of Nonsegregated Facilities, as required by the May 9, 1967, Order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, shall be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The Certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 USC 1001.

28. **SPECIAL PROVISIONS.** Any amendments to these General Provisions shall be set forth in Exhibit C hereto and are incorporated herein as part of this Agreement.

29. **ENTIRE AGREEMENT.** This Agreement, including the Exhibits and Attachments, all of which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

EXHIBIT A

GRANT ACTIVITIES

1. PROJECT DESCRIPTION AND PURPOSE.

1.1 This project shall consist of the awarding of \$500,000 in Community Development Block Grant (CDBG) funds to Sullivan County ("Grantee"), of which \$488,000 is to be subgranted to the Capital Regional Development Council ("CRDC" or "Subrecipient"). Subgranted funds will be used by CRDC to provide a loan of \$480,000, aggregated with \$170,000 from its Sullivan County Revolving Loan Fund, for a total CRDC loan of \$650,000 in order to support the rehabilitation of the Wainshall Mill, in the downtown Monadnock Mill complex. The Claremont Development Authority has facilitated the restoration of the Monadnock Mill complex, which includes the redevelopment of four old vacant mill buildings: the Peterson Mill, the Sawtooth Mill, the Woven Label Mill, and now, the Wainshall Mill.

The Wainshall Mill, 62,184, sq.ft., which is the subject of this grant, will be occupied as follows: (a) Woven Label, LLC, with its hotel and restaurant operation, will occupy 36.6% of the space; (b) Red River Computer Company will occupy 39.9% of the space; and (c) Sugar River Mills Development will occupy 23.5%. The ownership of Wainshall Partners, LLC is in proportion to the space occupied.

The business involved in this grant, Red River Computer Company, Inc. (RRC or "the Business"), is a reseller of hardware & software information technology products and services, that works primarily with the federal government. RRC will re-locate 52 of its Lebanon-based employees to the Wainshall Mill. In addition, RRC expects to hire 38 new employees as a result of this expansion.

Overall construction costs are estimated to be (a) \$8 million for construction for the shell and common areas and (b) \$4.3 million for interior fit-up. Total costs for the restoration of the mill, including fees, interest and contingency, are expected to be \$16,648,425.

The financing of the rehabilitation of the Wainshall Mill will be based upon a program offered by the US Department of Treasury – New Markets Tax Credits (NMTC) - through a combination of loans and equity injection. Through the NMTC financing, the loan proceeds and equity injection, needed to rehabilitate the Wainshall Mill, can be accomplished at a preferential interest rate. The flow of funds specific to this project, is as follows: a New Hampshire CCML Investment Fund LLC ("CCML"), an entity to be created by Coastal Enterprises, Inc. (CEI) pursuant to the New Markets Tax Credit Program (NMTC) regulations will act as a investment pool that will use loan proceeds and equity investments to make a "qualified equity investment" into a CDE (a Community Development Entity), also created by Coastal Enterprises Inc. The CDE will make the investment into the Wainshall Mill.

The debt portion of the financing will be a pool of loan funds consisting of:

- (a) a developer loan from Wainshall Partners of \$1,000,000 – an aggregation of a loan from Woven Label, LLC, a loan from Sugar River Mills Development and a loan from Red River Computer Company;
- (b) a bank loan of approximately \$6.2 million, and
- (c) a CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

The equity portion of the financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

The CDE, after deducting certain fees and expenses, will loan \$15,495,484 to Wainshall Partners, LLC (the "Partners") for a term of 84 months at an annual interest rate of 3.841%. In addition, the CDE will also make the equity investment of \$1,152,941 into Wainshall Partners, resulting in the total investment into the project of \$16,648,425.

The County will retain \$12,000 for grant administrative costs, related to the management of the grant and CRDC will retain \$8,000 for costs related to loan documentation.

1.2 Consistent with the National Objectives of the Community Development Block Grant Program under Title I of the Housing and Community Development Act of 1974, as amended, the Parties agree that Red River Computer Company (RRCC), a partner in Wainshall Partners, LLC, will create at least thirty-eight (38) new full-time equivalent permanent jobs. At least sixty percent (60%) of said jobs will be filled by low and moderate-income persons.

1.2.1 The positions created by RRCC will include fifteen sales representatives, fifteen administrative support personnel for sales, five administrative support personnel for accounting and three shipping and receiving clerks. A minimum of 60% of these new employees will be low and moderate income persons at the time of hiring; high school education is required for these entry level positions. Their wages are comparable or slightly higher than those of the Claremont labor market.

1.2.2 The employee benefit plan offered by RRCC is very competitive and includes: (1) eleven holidays per year, some fixed, some floating; (2) vacation and occasional time of more than two weeks; (3) health and dental insurance for employees with 95% of the premium paid by RRCC; (4) long term disability insurance and life insurance paid by RRCC; (5) participation in a 401K plan with the employer matching up to 3% of salary; (6) tuition reimbursement; and (7) match for employee's charitable contribution.

2. GRANT ADMINISTRATION.

2.1 Grantee shall perform all activities as necessary to administer the CDBG funds in accordance with the provisions of this Agreement, and particularly the federal requirements referenced in Section 5 of the Grant Agreement General Provisions.

2.2 Grantee has agreed to an Implementation Schedule, which will provide for the completion of all grant activities, prior to the Grant Completion Date. All work shall be completed prior to the Grant Completion Date of June 30, 2010. All employment commitments shall be accomplished by that date.

2.3 Grantee shall be permitted to request up to \$12,000 of CDBG funds for reimbursement of administrative Project Costs. In no event shall administrative costs reimbursable with Grant funds exceed fifteen percent (15%) of the total Grant Funds. Administrative costs shall be limited to the allowable costs as specified in OMB Circular A-87, "Principles for Determining Costs applicable to Grants and Contracts with the State, Local and Federally Recognized Indian Tribal Governments," as the same may be amended from time to time. Such costs include but are not limited to: preparation of environmental review, recordkeeping, reporting, audits and oversight of Project construction and compliance with all federal, state and local laws, rules and regulations.

2.4 Grantee shall send, at a minimum, its grant administrator, or a designated representative who is a full-time permanent employee involved in the administration of this Grant, to the next CDBG Grant Administration Workshop to be offered by the Community Development Finance Authority (CDFA).

2.5 Grantee shall submit to the CDFA all required reports as specified in this Agreement.

2.6 Grantee shall enter into a Closeout Agreement with CDFA, and the Business as provided in herein.

2.7 Any construction undertaken in connection with the Project shall comply with all applicable state and local design, construction, building and safety codes.

3. SUBRECIPIENT AGREEMENTS.

3.1 Grantee shall enter into a Subrecipient Agreement with CRDC in a form satisfactory to CDFA and meeting the requirements of Attachment II, "Subrecipient Agreement Minimum Terms and Conditions" attached hereto and incorporated herein by reference.

3.2 The Subrecipient Agreement with CRDC shall provide for the subgranting of \$488,000 in CDBG funds for the purposes described herein and consistent with the terms and conditions of this Agreement.

3.3 Grantee shall provide to CDFA for its review and approval a proposed Subrecipient Agreement prior to its execution. Prior to the disbursement of grant funds, but not more than thirty (30) days following the Effective Date of this Agreement, Grantee shall provide to CDFA executed copies of said Subrecipient Agreement.

4. PROJECT MATCHING FUNDS: ADDITIONAL FINANCING.

4.1 The Parties agree that the CDBG funds to be awarded pursuant to this Agreement shall be matched with non-CDBG funds in an amount no less than \$16,188,425 in additional financing for the Grant Project. The Grantee must ensure that the funding from the following sources are documented and made available:

4.1.1 Equity financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

4.1.2 Debt financing consisting of:

- A developer loan from Wainshall Partners, LLC of \$1,000,000 – an aggregation of a loan from Woven Label, LLC (approximately \$365,600), a loan from Sugar River Mills Development (\$165,400) and a loan from Red River Computer Company (\$469,000);
- A bank loan of approximately \$6.2 million;
- A CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund. The \$650,000 loan from CRDC will accrue at 5% interest only for the 84 months (7 years). The loan will have the guarantee of Wainshall Partners, LLC and the personal guarantees of the owners of RRCC. A mortgage on the property will be provided to CRDC, subordinated to the primary lender.

4.2 Grant funds shall not be disbursed to Grantee unless and until the additional financing and matching requirements have been obtained and documented to CDFA's satisfaction.

5. SECURITY: MORTGAGE LIEN

5.1 Wainshall Partners, LLC shall provide a mortgage, on the Wainshall mill, land and building, to the Grantee and on behalf of CDFA, which shall provide for a recovery of the CDBG funds invested into the investment for the rehabilitation of the Wainshall Mill, in the event that the employment commitments as provided herein are not achieved.

As stated, the Mortgage Lien on the Wainshall mill site provides a secured guarantee of the performance of the job creation commitment by the Grantee.

The mortgage shall be submitted to CDFA for its' approval. Grantee shall submit to CDFA documentation of the mortgage recording.

5.2 The mortgage lien shall provide for the recovery by Grantee, on behalf of CDFA, of the CDBG funds expended on this Project, in the event that RRCC is not in compliance with its' commitment to job creation as defined herein. The amount of CDBG funds subject to recovery in accordance with this paragraph shall be no more than \$480,000.

5.3 Any CDBG funds returned to Grantee pursuant to enforcement of the Mortgage Lien shall be returned to CDFA.

6. BENEFICIARY EMPLOYMENT COMMITMENT AGREEMENTS.

6.1 Grantee shall enter into a Beneficiary Employment Commitment Agreement with Red River Computer Company, a partner in Wainshall Mills, LLC, in a form satisfactory to CDFA and meeting the requirements of Attachment III, "Beneficiary Employment Commitment Agreement, Minimum Terms and Conditions" attached hereto and incorporated herein by reference.

6.2 If the employment commitment of the grant has not been fully satisfied by the business, RRCC, the Grantee shall enter into the Beneficiary Employment Commitment Agreement with any other business, as approved by CDFA and in a form satisfactory to CDFA and meeting the requirements of Attachment III, "Beneficiary Employment Commitment Agreement, Minimum Terms and Conditions" attached hereto and incorporated herein by reference.

6.3 Grantee shall provide to CDFA for its review and approval the proposed Beneficiary Employment Commitment Agreement prior to its execution.

7. ADDITIONAL GRANT REQUIREMENTS.

7.1 Grantee shall prepare and adopt a conflict of interest policy consistent with the requirements of 24 CFR 570.489(h) and approved by CDFA. The policy shall be formally adopted prior to requesting Grant funds.

7.2 Grantee shall create and adopt a written code of standards of conduct pursuant to the conflict of interest provisions set forth in 24 CFR 85.36(b)

7.3 Grantee shall prepare and adopt a financial management plan, approved by CDFA, which describes Grantee's system for receiving and expending the grant funds including the internal controls which shall ensure compliance with Paragraph 5 of the General Provisions of this Grant Agreement.

7.4 Grantee shall submit to CDFA, documentation of employment and expenditures received from Red River Computer Company at the time of Grant Agreement Effective Date, with each Semi-annual Report and on the Grant Completion Date. Employment information shall be provided on the Beneficiary Characteristics Report, as found in the most current copy of the CDFA Grant Implementation Guide.

7.5 Where the Grant Agreement is terminated or the Project is otherwise terminated due to a default, inability to perform or reason other than project completion and Grant funds are to be returned by Grantee, the disposition of Grant Funds to be returned shall be determined solely by CDFA.

7.6 CDFA shall have the right to terminate all or part of its obligations under this Agreement in the event that any official, employee, architect, engineer, attorney or inspector of, or for Grantee, or any government official or representative becomes directly or indirectly interested financially in the acquisition of any materials or equipment, or in any construction of the Project, or in the furnishing of any service to, or in connection with the Project, or any benefit arising therefrom.

EXHIBIT B

PROJECT COSTS; METHOD AND TERMS OF PAYMENT

1. PROJECT COSTS; PAYMENT SCHEDULE; REVIEW BY CDFA.

1.1 Project Costs: As used in this Agreement, the term "Project Costs" shall mean all reimbursable costs incurred in performance of the Grant activities. "Administrative Project Costs" shall mean all expenses directly or indirectly incurred by Grantee in the performance of the Project Activities, as determined by CDFA to be eligible and allowable for payment in accordance with allowable administrative project cost standards set forth in OMB Circular A-87 as revised from time to time, and with the rules, regulations and guidelines established by CDFA. Administrative project costs include but are not limited to: preparation of environmental review, record keeping, reporting, audits and oversight of Project construction and compliance with all federal, state and local laws, rules and regulations and this contract. In no event shall Administrative Project Costs exceed fifteen (15) percent of the total Grant funds allowed. With respect to a non-profit subrecipient, such subrecipient shall meet the requirements of OMB Circular A-122.

1.2 Delivery Costs: As used in this Agreement, the term "Delivery Costs" shall mean all reimbursable costs incurred by a Subrecipient in connection with a regional revolving loan fund that are directly related to the preparation and execution of loan documents and to the monitoring and administration of the loan provisions, and which are allowable by the New Hampshire Community Development Block Grant program rules.

1.3 Payment of Project Costs: Subject to the terms and conditions of this agreement, CDFA agrees to pay Grantee all Project Costs, provided, however, that in no event shall the total of all payments made by CDFA pursuant to this Agreement exceed the Grant Amount as set out in Paragraph 1.8 of the General Provisions, and provided further that all Project Costs shall have been incurred prior to the Completion Date, except for reasonable approved Project Costs incurred within 90 days after the Completion Date and in connection with closeout requirements as provided in State Administrative Rule Pln 311.01(c)(4).

1.4 Review by CDFA: Disallowance of Costs: At any time during the performance of the Project Activities, and upon receipt of the Progress Reports, Closeout Report or Audited Financial Report, CDFA may review all Project Costs incurred by Grantee or any Subrecipient and all payments made to date. Upon such review CDFA shall disallow any items of expense which are not determined to be allowable or are determined to be in excess of actual expenditures, and shall, by written notice specifying the disallowed expenditures, inform Grantee of any such disallowance. If CDFA disallows costs for which payment has not yet been made, it shall refuse to pay such costs. If payment has been made with respect to costs which are subsequently disallowed, CDFA may deduct the amount of disallowed costs from any future payments under this Agreement or require that Grantee refund to CDFA the amount of the disallowed costs.

2. METHOD AND TERMS OF REIMBURSEMENT FOR PROJECT COSTS.

2.1 CDFA shall not disburse any funds for the purposes of this Project until such time as all agreements specified in Exhibit A and any other agreements or documents specified pursuant to this Agreement are fully executed and received, and where applicable are reviewed and approved in writing by CDFA. Agreements and documents may include:

2.1.1 Documentation of the currently existing commitments for all required matching funds;

2.1.2 Copies of required certificates of insurance;

2.1.3 Certified payrolls documenting employment and positions in all U.S. operations and facilities no earlier than the date of Governor and Council approval;

2.1.4 Any lease and loan documents, municipal bond documents, mortgages, liens, security instruments, and similar agreements used in connection with the enforcement of beneficiary requirements as well as other documents requested by CDFA.

2.2 Timing of Payments. Upon thirty (30) days of the receipt, review, and approval by CDFA of financial reports and requests for reimbursement from Grantee specifying all Project Costs incurred, CDFA agrees to reimburse Grantee for Project Costs, except that reimbursement may be withheld until CDFA determines that a particular project activity or portion of the project activity hereunder has been satisfactorily completed.

2.3 Disbursement of funds by CDFA does not constitute acceptance of any item as an eligible Project Cost until all Project Costs have been audited and determined to be allowable costs.

3. REQUIRED DOCUMENTATION FOR DISBURSEMENT OF GRANT FUNDS.

3.1 Reimbursement requests for all Project Costs, including Administrative Project Costs, shall be accompanied by proper supporting documentation in the amount of each requested disbursement along with a payment request form as supplied by CDFA, which shall be completed and signed by Grantee. Documentation may include invoices and receipts for supplies, equipment, services, contractual services and, where applicable, a report of salaries paid or to be paid.

4. LIMITATIONS ON USE OF FUNDS.

4.1 Up to \$12,000 of Grant Funds may be applied by the Grantee for administrative costs in carrying out the requirements of this Agreement (Activity # 58 - Administration, Planning and Management).

4.2 Up to \$488,000 of grant funds may be used for construction purposes described herein (Activity #55 -- Economic Development Assistance to a Non-Profit) pursuant to the requirements of this Agreement.

Exhibit C

Please Insert Certificate of Insurance here
containing the following requirements:

1. Issue Date;
2. Insured Municipality and address;
3. Policy period (must be current and not expected to expire before Governor & Council approval date);
4. Limits of coverage for comprehensive general liability to include \$250,000 per claim, \$2 million per incident;
5. CDFA must be named as an additional insured;
6. Certificate must be signed by authorized representative of insurance provider.



CERTIFICATE OF COVERAGE

The New Hampshire Public Risk Management Exchange (Primex³) is organized under the New Hampshire Revised Statutes Annotated, Chapter 5-B, Pooled Risk Management Programs. In accordance with those statutes, its Trust Agreement and bylaws, Primex³ is authorized to provide pooled risk management programs established for the benefit of political subdivisions in the State of New Hampshire.

Each member of Primex³ is entitled to the scope and amounts of coverage set forth below. In addition, Primex³ may extend the same scope of coverage to non-members. However, any coverage extended to a non-member is subject to all of the terms, conditions, exclusions, and amendments which are applicable to the members.

The below named entity is a member in good standing of the New Hampshire Public Risk Management Exchange. The scope of coverage provided may, however, be revised at any time by the actions of Primex³. As of the date this certificate is issued, the information set out below accurately reflects the scope of coverage established for the current coverage year.

This Certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend, or alter the coverage afforded by the policies listed below.

Participating Member:		Member Number:	Company Affording Coverage:	
Sullivan County 14 Main Street Newport NH 03773		PM606	NH Public Risk Management Exchange - Primex ³ Bow Brook Place 46 Donovan Street Concord, NH 03301-2624	

Type of Coverage	Effective Date (mm/dd/yyyy)	Expiration Date (mm/dd/yyyy)	Limits - NH Statutory Limits May Apply	
<input checked="" type="checkbox"/> General Liability (Occurrence Form) Professional Liability (describe) <input type="checkbox"/> Claims Made <input type="checkbox"/> Occurrence	7/1/2007	7/1/2008	Each Occurrence	\$ 2000000
			General Aggregate	None
			Fire Damage (Any one fire)	\$
			Med Exp (Any one person)	\$10000
<input type="checkbox"/> Automobile Liability Deductible Comp and Coll: \$1,000 <input checked="" type="checkbox"/> Any Auto			Combined Single Limit (Each Accident)	\$
<input type="checkbox"/> Workers' Compensation & Employers' Liability			<input checked="" type="checkbox"/> Statutory	
			Each Accident	\$
			Disease -- Each Employee	\$
			Disease -- Policy Limit	\$
<input type="checkbox"/> Property (Special Risk includes Fire and Theft)			Blanket Limit, Replacement Cost (unless otherwise stated)	Deductible: \$ 1,000

Description: Proof of Coverage for CRDC \$500,000 Grant #07-410-CDED; to help support rehabilitation of the Wainshall Mill in downtown Moradnock Mill complex, Claremont NH.

Cancellation: Should any of the above-described policies be cancelled before the expiration date thereof, the issuing coverage provider will endeavor to mail 30 days written notice to the above-named certificate holder, but failure to provide such notice shall impose no obligation or liability of any kind upon the coverage provider.

CERTIFICATE HOLDER:	Additional Covered Party	Loss Payee	Primex³ - NH Public Risk Management Exchange By: Date: 11/29/2007 mpanait@nhprimex.org Please direct inquiries to: Primex³ Coverage Programs 603-225-2841 phone 603-228-3905 fax
Community Development Finance Authority 14 Dixon Avenue, Suite 102 Concord, NH 03301			

EXHIBIT D

SPECIAL CONDITIONS: EFFECTIVE DATE AND PAYMENTS

Paragraphs 3.1 and 22 of the General Provisions of the Grant Agreement are hereby deleted and replaced with the following:

3.1 EFFECTIVE DATE:

Notwithstanding anything in this Agreement to the Contrary, this Agreement and all obligations of CDFA, including but not limited to the award of grant funds, are contingent upon and shall become effective only upon the full satisfaction of all of the following conditions:

3.1.1 Final commitment to and evidence of all financing, estimated to be approximately \$16.8 million, required for the project. Financing for the restoration costs of the Wainshall Mill will be provided through a program offered by the US Department of Treasury – New Markets Tax Credits (NMTC) - through a combination of loans and equity injection.

The components of the financing are:

The debt portion of the financing will be a pool of loan funds consisting of:

- a developer loan from Wainshall Partners of \$1,000,000 – an aggregation of a loan from Woven Label, LLC, a loan from Sugar River Mills Development and a loan from Red River Computer Company;
- a bank loan of approximately \$6.2 million, and
- a CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

The equity portion of the financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

The CDE, after deducting certain fees and expenses, will loan \$15,495,484 to Wainshall Partners, LLC (the "Partners") for a term of 84 months at an annual interest rate of 3.841%. In addition, CDE will also make the equity investment of \$1,152,941 into Wainshall Partners, resulting in the total investment into the project being \$16,648,425.

3.1.2 Evidence of the clearance by all relevant historical authorities for the Woven Label and Wainshall Mills.

3.1.3 Agreement with the County with regard to the appropriate form of security for the CDBG grant to ensure compliance with job creation. This likely will be a subordinate mortgage on the Wainshall Mill.

Until the above conditions have been fully satisfied, CDBG funds will not be disbursed.

22 PERFORMANCE OF SERVICES BY GRANTEE PRIOR TO EFFECTIVE DATE: PAYMENT BY CDFA:

Any Grant Activities performed by the Grantee prior to the Effective Date shall be performed at the sole risk of the Grantee. In the event that this Agreement shall not become effective, CDFA shall be under no obligation to pay the Grantee any costs incurred in connection with the Grant Activities, or to otherwise pay for any Activities performed during such period.

ATTACHMENT I

SOURCES AND USES BUDGET

Sullivan County/CRDC/Wainshall Partners, LLC
Community Development Block Grant Program

Sources	CDBG LOAN *	CRDC LOAN *	CDE LOAN	EQUITY	
Uses					Total Uses \$
Architectural/Engineering	\$0		\$440,621		\$440,621
Construction (thru loans)	\$480,000	\$170,000	\$11,161,364		\$11,811,364
Construction (thru equity)				\$1,152,941	\$1,152,941
Construction Loan Interest/Expense	\$0	\$0	\$425,720		\$425,720
Contingency	\$0		\$569,669		\$569,669
Other Fees	\$0		\$2,248,110		\$2,248,110
Delivery Costs - CRDC	\$8,000				\$8,000
Municipal Administration	\$12,000				\$12,000
CDBG Admin	\$0				\$0
Total Sources \$	\$500,000	\$170,000	\$14,845,484	\$1,152,941	\$16,668,425

Note: The CDBG and CRDC Loans are included in NH CCML Investment Fund IV LLC - resulting in a total CDE loan is \$15,495,484. The equity of \$1,152,941 is also derived from CCML

ATTACHMENT II

SUBRECIPIENT AGREEMENT MINIMUM TERMS AND CONDITIONS

Grantee hereby warrants and agrees that the Subrecipient Agreement to be executed in conformance with the requirements of Paragraph 3 of Exhibit A of the Grant Agreement shall be subject to approval by CDFA and shall contain at a minimum the following terms and conditions:

1. REPRESENTATION AND WARRANTIES. Subrecipient, the Capital Regional Development Council (CRDC) shall represent and warrant:

1.1 Subrecipient is a duly organized and validly existing New Hampshire nonprofit corporation in good standing under the laws of this State. Subrecipient has the power and authority to undertake the grant activities as provided in the Grant Agreement. CRDC has the power and authority to own its properties and to conduct business as it is now being conducted and has the power to execute and deliver and perform its obligations under the Subrecipient Agreement, the Loan and the Lien Documents.

1.2 The Subrecipient Agreement and Lien documents are the legal, valid and binding obligations of CRDC, enforceable against CRDC in accordance with each document's respective terms.

1.3 CRDC has complied in all material respects with all applicable federal, state and local laws, statutes, rules and regulations pertaining to the grant activities.

1.4 No application, exhibit, schedule, report or other written information provided by CRDC or its agents in connection with the grant application knowingly contained when made any material misstatement of fact or knowingly omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

2. PROJECT DESCRIPTION AND SUBGRANT ACTIVITIES.

2.1 Project Description

This project shall consist of the awarding of \$500,000 in Community Development Block Grant (CDBG) funds to Sullivan County ("Grantee"), of which \$488,000 is to be subgranted to the Capital Regional Development Council ("CRDC" or "Subrecipient"). Subgranted funds will be used by CRDC to provide a loan of \$480,000, aggregated with \$170,000 from its Sullivan County Revolving Loan Fund, for a total CRDC loan of \$650,000 in order to support the rehabilitation of the Wainshall Mill, in the downtown Monadnock Mill complex. The Claremont Development Authority has facilitated the restoration of the Monadnock Mill complex, which includes the redevelopment of four old vacant mill buildings: the Peterson Mill, the Sawtooth Mill, the Woven Label Mill, and now, the Wainshall Mill.

The Wainshall Mill, 62,184, sq.ft., which is the subject of this grant, will be occupied as follows: (a) Woven Label, LLC, with its hotel and restaurant operation, will occupy 36.6% of the space; (b) Red River Computer Company will occupy 39.9% of the space; and (c) Sugar River Mills Development will occupy 23.5%. The ownership of Wainshall Partners, LLC is in proportion to the space occupied.

The business involved in this grant, Red River Computer Company, Inc. (RRCC or "the Business"), is a reseller of hardware & software information technology products and services, that works primarily with the federal government. RRCC will re-locate 52 of its Lebanon-based employees to

the Wainshall Mill. In addition, RRCC expects to hire 38 new employees as a result of this expansion.

Overall construction costs are estimated to be (a) \$8 million for construction for the shell and common areas and (b) \$4.3 million for interior fit-up. Total costs for the restoration of the mill, including fees, interest and contingency, are expected to be \$16,648,425.

The financing of the rehabilitation of the Wainshall Mill will be based upon a program offered by the US Department of Treasury – New Markets Tax Credits (NMTC) - through a combination of loans and equity injection. Through the NMTC financing, the loan proceeds and equity injection, needed to rehabilitate the Wainshall Mill, can be accomplished at a preferential interest rate. The flow of funds specific to this project, is as follows: a New Hampshire CCML Investment Fund LLC ("CCML"), an entity to be created by Coastal Enterprises, Inc. (CEI) pursuant to the New Markets Tax Credit Program (NMTC) regulations will act as a investment pool that will use loan proceeds and equity investments to make a "qualified equity investment" into a CDE (a Community Development Entity), also created by Coastal Enterprises Inc. The CDE will make the investment into the Wainshall Mill.

The debt portion of the financing will be a pool of loan funds consisting of:

- (a) a developer loan from Wainshall Partners of \$1,000,000 – an aggregation of a loan from Woven Label, LLC, a loan from Sugar River Mills Development and a loan from Red River Computer Company;
- (b) a bank loan of approximately \$6.2 million, and
- (c) a CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

The equity portion of the financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

The CDE, after deducting certain fees and expenses, will loan \$15,495,484 to Wainshall Partners, LLC (the "Partners") for a term of 84 months at an annual interest rate of 3.841%. In addition, the CDE will also make the equity investment of \$1,152,941 into Wainshall Partners, resulting in the total investment into the project of \$16,648,425.

The County will retain \$12,000 for grant administrative costs, related to the management of the grant and CRDC will retain \$8,000 for costs related to loan documentation.

2.2 Employment Benefits to Persons from Low and Moderate Income Households

The general purpose of the project is to principally benefit Low and Moderate Income Persons as that term is defined in the Grant Agreement: "those households whose income falls at or below the "lower income" level as shown in Appendix 8 (of the rules for the CDBG program) as determined by the U. S. Department of Housing and Urban Development (HUD) for the State of New Hampshire". Appendix 8 contains HUD's "low and moderate income levels" for its various programs and is updated on an annual basis.

2.2.1 The Grantee and CRDC agree that the primary purpose of the Project is the creation of at least thirty-eight (38) full-time equivalent jobs, of which twenty-three (23) or sixty percent (60%) shall be filled by persons from low and moderate income households.

Income limits are updated on an annual basis. CRDC agrees to require RRCC to maintain and provide documentation that it has complied with this requirement through the use of questionnaires provided by the Grantee or other verification.

2.2.2 Loan Agreement CRDC will require Wainshall Partners, LLC and RRCC to enter into job commitments to ensure employment for persons from Low and Moderate Income families, in accordance with the terms of the Grant Agreement and all Exhibits or Attachments thereto. A minimum of thirty-eight (38) jobs will be created by RRCC, at least twenty-three (23), or sixty (60%), of which will be filled by persons from Low and Moderate Income families at the time of hiring. (Attachment III)

2.2.3 Beneficiary Employment Commitment Agreement The Grantee is required by CDFA to enter an employment commitments with RRCC, in the form of a Beneficiary Employment Commitment Agreement by RRCC, to create at least thirty-eight (38) new full-time, year-round, permanent jobs, of which twenty-three (23) or sixty (60%) will be filled by persons of Low and Moderate Income. (Attachment IV)

In the event of non-compliance with the job commitment, the Beneficiary Employment Commitment Agreement allows the Grantee to collect CDBG funds for reimbursement directly from RRCC, if CRDC is unable to do so for reasons beyond its control.

CRDC shall oversee the creation of the jobs and shall make arrangements to ensure compliance with the creation of the targeted jobs, within the grant agreement, in the event that RRCC fail to create the full complement of jobs. (Attachment IV)

2.3 Grant of Funds/Matching Funds

CRDC shall use the Grant funds subgranted to it solely for the purposes described herein and consistent with the required terms and conditions of the Grant Agreement and Subrecipient Agreement.

2.3.1 CRDC shall be subgranted a total of \$488,000 of the CDBG funds, in order to make a developer loan to Wainshall Partners, LLC through an Investment Partnership, created under the New Market Tax Credit regulations for the specific purpose of supporting the redevelopment of the Wainshall Mill.

2.3.2 The Grantee shall retain \$12,000 of the grant for administrative costs associated with management of the Grant.

2.3.3 The required match for the CDBG funds will be no less than \$16,188,425, in the form of:

2.3.3.1 Equity financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

2.3.3.2 Debt financing consisting of:

- A developer loan from Wainshall Partners, LLC of \$1,000,000 – an aggregation of a loan from Woven Label, LLC (approximately \$365,600), a loan from Sugar River Mills Development (\$165,400) and a loan from Red River Computer Company (\$469,000);
- A bank loan of approximately \$6.2 million;
- A CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund. The \$650,000 loan from CRDC will accrue at 5% interest only for the 84 months (7 years). The loan will have the guarantee of Wainshall Partners, LLC. and the personal guarantees of the owners of RRCC. A mortgage on the property will be provided to CRDC, subordinated to the primary lender.

3. SUBRECIPIENT REQUIREMENTS.

3.1 Loan Agreement. CRDC shall request grant funds to provide financing for the Project Activities to the Wainshall Partners, LLC, indirectly through the New Markets Tax Credit structure. CRDC shall enter into a Loan Agreement with the Wainshall Partners, LLC indirectly through the New Markets Tax Credit structure, which shall contain at a minimum the terms and conditions as specified in Attachment III of the Grant Agreement, "Required Loan Provisions". The Loan Agreement shall provide that the Wainshall Partners, LLC and RRCC, successors and assigns, shall ensure the creation of at least thirty-eight (38) new full-time equivalent permanent jobs. At least twenty-three (23) positions, or sixty percent (60%) of said jobs created, shall be from low and moderate income families at the time of hiring.

3.2 Terms of Loan. The Loan Agreement between CRDC and Wainshall Partners, LLC, indirectly through the New Markets Tax Credit structure shall provide for the execution of a promissory note for \$650,000 for the purposes of supporting the redevelopment of the Wainshall Mill.

3.2.1 The note will have a term of twenty (20) years, with an interest rate fixed at five percent (5.00%). Full repayment is required at the end of the seventh year;

3.2.2 The interest, 5.00%, will accrue for the seven years, and with the original principal, be considered accrued equity in the building.

3.2.3 The interest rates cited above may change, given the New Markets Tax Structure; these changes will be subject to the approval of CDFA.

3.3 Security. CRDC shall enter into a UCC Lien with Wainshall Partners, LLC which shall provide for a recovery of the \$480,000 in CDBG funds invested in the redevelopment of the Wainshall Mill, in the event that the employment commitments as provided herein are not achieved.

3.4 The collateral will be in the form of a secured mortgage position on the facility owned by Wainshall Partners, LLC, subordinate only to the private bank.

3.5 Use of loan payments by CRDC. The long-term benefit of the project for low and moderate income persons is achieved by the capitalization of the Revolving Loan Fund of the regional development corporations involved. Any principal payments from the loan shall be deposited in the Revolving Loan Fund operated by the CRDC, designated for the use of CRDC's lending activities. Subsequent uses of the funds shall be for activities eligible under the Housing and Community Development Act of 1974, as amended, that demonstrate a financial need and primarily benefit people from low and moderate income families.

CRDC is required by this grant to maintain Revolving Loan Fund for the specific purposes of supporting its lending activities only in Sullivan County. Principal payments from the Wainshall Partners loan must capitalize that Revolving Loan Fund. With the submission of the Subrecipient Agreement to CDFA, evidence of the establishment of the Sullivan County/Claremont Loan Fund must be provided to CDFA.

3.6 Duty to enforce. CRDC has a duty to enforce the terms of the Loan Agreement, including seeking reimbursement of the CDBG loan funds if RRCC fails to meet its employment commitments or is otherwise in default of the Loan and Lease Agreement.

3.7 Assignment of Loan and Lease and Sales Agreements to Grantee. CRDC agrees that, if it is unable to enforce the terms of its Loan Agreement for reasons which are beyond its control, it will assign all of its rights under the Loan Agreement to the Grantee.

3.8 Compliance with laws. CRDC shall comply with all applicable federal, state, and local

laws, statutes, executive orders and rules as they relate to the application, acceptance and use of funds for this project, including but not limited to the requirements as specified in the Grant Agreement.

3.9 Disbursement of grant funds. Upon compliance with and subject to the provisions of this Agreement and provided there shall exist no Event of Default under this Agreement, the Grant Agreement or any loan or lease or sale agreement in connection with the Project, and no condition or event which, with the giving of notice or lapse of time would constitute such an Event of Default, the Grantee shall, upon submittal of written requests for payment accompanied by invoices and other documentation or supporting documents as required by the Grantee, make disbursements of grant funds. Disbursement of grant funds shall be in accordance with the terms of the Grant Agreement, including Exhibit B.

Disbursement of funds by the Grantee does not constitute acceptance by the Grantee or CDFA of any item as an eligible Project cost until all Project costs have been audited and determined to be allowable costs.

Upon the expiration of the Grant Agreement, this Agreement, or other termination of the project, CRDC shall transfer to the Grantee any Grant funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds.

4. SCHEDULE

4.1 Implementation Schedule. The Grantee, CRDC, and the Business have agreed to an Implementation Schedule, which will provide for the completion of all grant activities, prior to the Grant Completion Date. A schedule of major milestones shall be provided, within this agreement.

4.2 Grant Completion Date. All work shall be completed prior to the Grant Completion Date of June 30, 2010. All employment commitments shall be accomplished by that date. This date may be extended only with the permission of the Grantee, CDFA, and the Governor and Council.

5. INSURANCE AND TAXES

5.1 CRDC's Liability Insurance. CRDC shall, at its sole expense, obtain and maintain in force insurance in such amounts and covering such risks as are customary for entities engaged in the same or similar business to include, where applicable, comprehensive general liability covering any property development/construction activities and landlord insurance. At a minimum, this shall include insurance against all claims of bodily injury or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per incident.

All policies shall name the Grantee, and CDFA as additional insureds. CRDC shall provide the Grantee with certificates of insurance satisfactory to the Grantee which evidences compliance with this Section.

5.2 Business' Insurance Requirements. CRDC shall ensure that RRCC obtains and maintains in force comprehensive general liability insurance against all claims of bodily injury or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per incident. This insurance shall be at Business' sole expense.

All policies shall name the Grantee, CRDC, and CDFA as additional insureds. CRDC shall provide the Grantee with certificates of insurance satisfactory to the Grantee which evidences compliance with this Section.

5.3 CRDC shall require that Wainshall Partners, at its sole expense, obtain and maintain in force fire and extended coverage insurance covering all property purchased or improved with Grant

funds in an amount not less than 100% of the whole replacement value of the property.

CRDC shall require that RRCC and Wainshall Partners provide the Grantee with certificates of insurance satisfactory to the Grantee which evidences compliance with this Section.

5.4 Insurance Standards. The policies described in this section shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. All policies shall be on an "occurrence" basis. Each policy shall contain a clause prohibiting cancellation or modification of the policy earlier than thirty (30) days after written notice thereof has been received by the Grantee and CDFA.

5.5 Taxes. CRDC shall require that Wainshall Partners pay all taxes, assessments, charges, fines and impositions attributable to the Property.

6. REPORTING REQUIREMENTS; CLOSEOUT AGREEMENT

6.1 Closeout Agreement. CRDC shall enter into a Closeout Agreement with the Grantee and CDFA, which shall specify the reporting and other requirements applicable to the closing out of this Project.

6.2 Initial Documentation To document the existing employees at the start of this Project, CRDC shall require RRCC provide certified payrolls to the Grantee documenting the number of full-time equivalent employees and positions in its U. S. operations and facilities, no earlier than the date of Governor and Council approval of the Agreement between the Grantee and CDFA.

6.2.1 To document the new permanent, full time positions to be created, RRCC shall provide the Grantee with a listing, by job title, of the total jobs to be created, indicating: (a) which jobs will be available to low and moderate income persons; (b) which jobs will require special skills or education and; (c) which jobs will be part-time.

6.2.2 To document the availability of said new jobs to low and moderate income persons, RRCC shall provide a description of the actions to be taken to ensure that low and moderate income persons will receive first consideration for these jobs, including what actions will be taken to recruit low and moderate income applicants.

6.3 Employment Reporting:

6.3.1 Semi-Annual Reports. Semi Annual reports shall be submitted to the Grantee not less than five (5) business days prior to the Grantee semi-annual submission date, that is, no later than July 10 for the period of January 1 through June 30 and no later than January 10 for the period of July 1 through December 31 of each year. The reporting period shall begin on the date of Governor and Council approval and end on the Completion Date specified in Section 1.6 of the General Provisions of the contract between the Grantee and the Community Development Finance Authority.

6.3.2 Closeout Report. For closeout purposes, CRDC shall require RRCC to obtain and report, and CRDC shall submit to the Grantee, the information on "Protected" groups as required by the "Beneficiary Characteristics Report" as provided in the most current edition of the CDFA Implementation Guide for CDBG projects. CRDC shall certify the number and percentage of Low and Moderate Income Persons benefiting from this Project.

6.3.3 Semiannual and closeout documentation of employees shall include: (a) copies of current company payrolls, certified by an authorized officer of both RRCC, listing the name of employees and job titles, and (b) copies of family income verifications signed by

applicants, with the designation of beneficiary minority or protected class status. Report forms for job applicants and beneficiaries are provided in Attachment VIII.

6.4 As documentation of and for purposes of monitoring Project hiring commitments, RRCC shall submit to CRDC, who will in turn provide to the Grantee, within the semi-annual report, the following:

6.4.1 The total number of applicants for the specified new positions during the reporting period and to date; the number of applicants who were persons from Low and Moderate Income families; and minority or protected class status of applicants.

6.4.2 A completed copy of the Applicant Characteristics Report for the reporting period shall be included. Documentation shall be based upon data collected at the time of application for said jobs, including family income verification and employee questionnaires.

6.5 As documentation of and for purposes of monitoring Project employment commitments, RRCC shall submit to CRDC, who will in turn provide to the Grantee, within the semi-annual report, the following:

6.5.1 Total job growth based upon the number of specified new positions filled during the reporting period and to date; the number of positions filled with persons from Low and Moderate Income families; and employee minority or protected class status. Documentation shall be for the first person hired into each of the said new positions.

6.5.2 A completed copy of the Beneficiary Characteristics Report for the reporting period shall be included. Documentation shall be based upon the certified payrolls, family income verifications and employee questionnaires of RRCC.

6.6 For closeout purposes, RRCC and any other lessee or transferee of Project Property shall report final information on protected groups as required by the "Beneficiary Characteristics Report" and the "Applicant Characteristics Report." RRCC shall certify the number and percentage of applicants and employees for the specified new positions from Low and Moderate Income families benefiting from this project.

7. ACCOUNTING, AUDIT, AND RECORD KEEPING REQUIREMENTS

7.1 Accounting Records. CRDC shall keep all Project-related accounts and records which fully disclose the amount and disposition by CRDC of the grant funds, the total cost of the Project, and the amount and nature of any portion of the Project cost supplied by other sources, and such other financial records pertinent to the Project. Accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984. Records to be maintained shall include Project fiscal records consisting of all books, documents, ledgers, systems and expenses incurred, including, but not limited to, purchase, requisitions, orders, invoices, vouchers, bills and receipts, inventories, and all lien documents.

7.2 Time Period. All of the records, documents, and data described above and all income verification information shall be kept during the performance of the project and for three (3) years after its completion or until the satisfactory completion of an audit, whichever is later.

7.3 Availability of Records. CRDC shall make available to the Grantee, CDFA, and HUD or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of CRDC pertinent to this Agreement.

8. INDEMNIFICATION

CRDC shall defend, indemnify and hold harmless the Grantee, the State, and the CDFA, their officers and employees, from and against any and all losses suffered by the Grantee, the State, or CDFA, their officers or employees, and any and all claims, liabilities or penalties asserted against the Grantee, the State or CDFA, their officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of or claimed to CRDC out of the acts or omissions of CRDC. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State or the Grantee, which immunity is hereby reserved to the State and the Grantee. This covenant shall survive the termination or expiration of this Agreement.

9. MAINTENANCE OF CORPORATE EXISTENCE

Corporate Existence. CRDC shall both preserve and maintain the legal existence and good standing of its nonprofit corporation status and its registration in New Hampshire as required to do business.

10. ADDITIONAL REPRESENTATIONS AND WARRANTIES CRDC represents and warrants:

- (a) CRDC will require that Wainshall Partners obtain all necessary approvals of the Plans and all necessary permits for the operation of its business from all governmental authorities having jurisdiction over the Project;
- (b) Construction of the project will not violate any zoning, environmental, subdivision, or land use ordinance, regulation or law; the Property conforms and complies in all material respects with all covenants, conditions, restrictions, reservations and zoning, environmental land use, and other applicable ordinances, laws, rules and regulations, federal, state, or local, affecting the Property.
- (c) No litigation, claims, suits, orders, investigations or proceedings are pending or threatened against CRDC or affecting the Property or the Project at law or in equity or before or by any federal, state, municipal or other governmental instrumentality; there are no arbitration proceedings pending under collective bargaining agreements or otherwise; and to the knowledge of CRDC, there is no basis for any of the foregoing. Any exceptions to this section shall be explained in an Exhibit, attached to this agreement.
- (d) CRDC has filed all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state or local taxes, charges and assessments;
- (e) The execution and delivery and performance by CRDC of its obligations under this Agreement and the loan documents have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which CRDC is a party, or by which it is bound, or be in conflict with, result in a breach of, or constitute a default under, or except as may be provided in this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of CRDC pursuant to any such indenture, agreement or instrument. CRDC is not required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any governmental instrumentality or other agency in connection with or as a condition to the execution, delivery or performance of this Agreement and the loan documents.
- (f) CRDC is not contemplating either the filing of a petition under any state or federal

bankruptcy or insolvency laws or the liquidating of all or a major portion of its properties, and has no knowledge of any person contemplating the filing of any such petition against it.

- (g) No statement of fact made by or on behalf of CRDC in any of the loan documents or in any certificate, exhibit or schedule furnished to the Grantee pursuant thereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact or circumstance presently known to CRDC that has not been disclosed to the Grantee that materially affects adversely, nor as far as CRDC can foresee, will materially affect adversely CRDC, operations or considerations (financial or otherwise) of CRDC.
- (h) CRDC has complied in all material respects with all applicable statutes, regulations, and rules of federal, state, and local governments in respect to the conduct of its business and operations, including without limitation all applicable environmental statutes.
- (i) No Event of Default has occurred and is continuing under this Agreement or the loan documents and no event or condition which would, upon notice of expiration of any applicable cure, constitute an Event of Default has occurred and is continuing; CRDC is not in default under any note or other evidence of indebtedness or other obligation for borrowed money or any mortgage, deed to trust, indenture, loan agreement or other agreement relating thereto. Any exceptions to this section shall be explained in an Exhibit, attached to this agreement.

Each of the foregoing representations and warranties is true and correct as of the date of this Agreement and CRDC shall indemnify and hold harmless the Grantee, and CDFA from and against any loss, damage, or liability attributable to the breach thereof, including any and all fees and expenses incurred in the defense or settlement of any claim arising therefrom against the Grantee or CDFA.

11. EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

- (a) Failure of CRDC to complete the Project satisfactorily in accordance with the approved Plans or on schedule or failure to submit any report, documentation or other instrument under this Agreement;
- (b) Any Event of Default under the Loan Agreement including but not limited to RRCC's failure to accomplish the required job creation and benefit to low and moderate income persons.
- (c) CRDC attempts to assign its rights under this Agreement or any advance made or to be made hereunder or any interest therein, or if the Property or any portion thereof is conveyed or encumbered in any way without the prior written consent of the Grantee;
- (d) Any survey, report or examination discloses that the Project or Property or any portion thereof encroaches upon or projects over a street or upon or over adjoining property or violates any setback or other restriction, however created, or any zoning regulations or any building restriction of any governmental authority having jurisdiction with respect to the Property;
- (e) The Property or Project are materially damaged or destroyed by fire or other casualty or cause and the insurance proceeds therefrom are inadequate to rebuild or restore the Project or Property to their condition immediately prior to such casualty;

- (f) Any representation or warranty made herein or in any report, certification, or other instrument furnished in connection with this Agreement or any advances of Grant funds made hereunder, by or in behalf of CRDC, shall prove to be false or misleading in any material respect.
- (g) Any mechanics', laborers', materialmen's or similar statutory liens, or any notice thereof, shall be filed against the Property and/or the Project and shall not be discharged within thirty (30) days of such filing;
- (h) CRDC shall default in the due observance or performance of any covenant, condition, assurance or agreement to be observed or performed by CRDC under this Agreement;
- (I) Any cessation occurs at any time in construction of the Project for more than one week except for causes beyond the control of CRDC, or if any substantial change is made in the schedule for the construction or in the approved Plans without the prior approval of the Grantee;
- (j) CRDC shall (i) apply for or consent to the appointment of a receiver, trustee, or liquidator of it or any of its property, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law;
- (k) A petition, order, judgment, or decree shall be entered, without the application, approval or consent of CRDC by any court of competent jurisdiction, approving a petition seeking reorganization or approving the appointment of a receiver, trustee or liquidator or CRDC of all or a substantial part of its assets, and such order judgment or decree shall continue unstayed and in effect for any period of thirty (30) days;
- (l) The dissolution, termination of existence, merger or consolidation of CRDC or a sale of assets of CRDC out of the ordinary course of business without the prior written approval of the Grantee; and
- (m) Failure to remedy an ineligible expenditure of grant funds or to reimburse the Grantee for any ineligible costs which are paid from grant funds.

12. GRANTEE'S RIGHTS AND REMEDIES UPON DEFAULT

12.1 Remedies upon Default. Upon the occurrence of any Event of Default, the Grantee may take any one, or more, or all, of the following actions:

- (a) Give CRDC a written notice of default specifying the Event of Default and requiring it to be remedied within thirty (30) days from the date of notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective immediately upon giving notice of termination;
- (b) Give CRDC a written notice of default specifying the Event of Default and suspending all payment of grant funds to be made pursuant to this Agreement until such time as the Grantee determines the Event of Default has been cured;
- (c) Set off against any other obligations the Grantee may owe to CRDC for any damages the Grantee may suffer by reason of any Event of Default;

- (d) Treat the Agreement as breached and pursue any of its remedies at law or in equity or both.
- (e) Assume all rights under the Loan Agreement including the right to receive payments, the right to seek full reimbursement of CDBG funds loaned to Wainshall Partners, LLC, indirectly through the New Markets Tax Credit structure, the right to call on any collateral pledged for the loan to Wainshall Partners, LLC.

12.2 Judicial Enforcement. CRDC agrees that the Grantee and CDFA have a right to seek judicial enforcement with regard to any matter arising with respect to this Agreement, to include the assurances, covenants and other conditions which extend beyond the completion date under this Agreement.

12.3 Disposition of Funds. Where the Grant Agreement or Subrecipient Agreement is terminated or the Project is otherwise terminated due to a default, inability to perform or reason other than project completion, and Grant funds are required to be returned, the disposition of Grant Funds to be returned shall be determined solely by CDFA.

13. MISCELLANEOUS PROVISIONS

13.1 Compliance with Laws. CRDC shall comply with all applicable federal, state and local laws, statutes, regulation, executive orders and rules as they relate to the application, acceptance and use of funds for this project, including but not limited to the requirements as specified in the Grant Agreement.

13.2 No assignment. CRDC shall not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Grantee and CDFA, and any attempted assignment or transfer shall be ineffective, null, void, and of no effect.

13.3 Amendments. No amendment or modification of any provision of this Agreement shall be effective unless it is in writing and executed by both parties and approved by CDFA.

13.4 Maintenance of Project. CRDC shall require Wainshall Partners, LLC and RRCC to maintain, keep, and preserve in good working order and condition all of its property and assets necessary or useful in the proper conduct of its business and operation of the Project. This shall include all property improvements made as a result of this Project.

13.5 Governing Law. This Agreement shall be governed by and construed in accordance with laws of New Hampshire.

ATTACHMENT III

REQUIRED LOAN PROVISIONS

Grantee and Subrecipient CRDC hereby warrant and agree that CRDC, in its loan agreements with Wainshall Partners, LLC, indirectly through the NMYC structure, and in any future agreements conveying or transferring property interests in the Project Property shall include the following required minimum terms and conditions providing for the performance of grant-related activities and commitments.

1. PURPOSE OF THE PROJECT.

1.1 This project shall consist of the awarding of \$500,000 in Community Development Block Grant (CDBG) funds to Sullivan County ("Grantee"), of which \$488,000 is to be subgranted to the Capital Regional Development Council ("CRDC" or "Subrecipient"). Subgranted funds will be used by CRDC to provide a loan of \$480,000, aggregated with \$170,000 from its Sullivan County Revolving Loan Fund, for a total CRDC loan of \$650,000 in order to support the rehabilitation of the Wainshall Mill, in the downtown Monadnock Mill complex. The Claremont Development Authority has facilitated the restoration of the Monadnock Mill complex, which includes the redevelopment of four old vacant mill buildings: the Peterson Mill, the Sawtooth Mill, the Woven Label Mill, and now, the Wainshall Mill.

The Wainshall Mill, 62,184, sq.ft., which is the subject of this grant, will be occupied as follows: (a) Woven Label, LLC, with its hotel and restaurant operation, will occupy 36.6% of the space; (b) Red River Computer Company will occupy 39.9% of the space; and (c) Sugar River Mills Development will occupy 23.5%. The ownership of Wainshall Partners, LLC is in proportion to the space occupied.

The business involved in this grant, Red River Computer Company, Inc. (RRCC or "the Business"), is a reseller of hardware & software information technology products and services, that works primarily with the federal government. RRCC will re-locate 52 of its Lebanon-based employees to the Wainshall Mill. In addition, RRCC expects to hire 38 new employees as a result of this expansion.

Overall construction costs are estimated to be (a) \$8 million for construction for the shell and common areas and (b) \$4.3 million for interior fit-up. Total costs for the restoration of the mill, including fees, interest and contingency, are expected to be \$16,648,425.

The financing of the rehabilitation of the Wainshall Mill will be based upon a program offered by the US Department of Treasury – New Markets Tax Credits (NMTC) - through a combination of loans and equity injection. Through the NMTC financing, the loan proceeds and equity injection, needed to rehabilitate the Wainshall Mill, can be accomplished at a preferential interest rate. The flow of funds specific to this project, is as follows: a New Hampshire CCML Investment Fund LLC ("CCML"), an entity to be created by Coastal Enterprises, Inc. (CEI) pursuant to the New Markets Tax Credit Program (NMTC) regulations will act as a investment pool that will use loan proceeds and equity investments to make a "qualified equity investment" into a CDE (a Community Development Entity), also created by Coastal Enterprises Inc. The CDE will make the investment into the Wainshall Mill.

The debt portion of the financing will be a pool of loan funds consisting of:

- (a) a developer loan from Wainshall Partners of \$1,000,000 – an aggregation of a loan from Woven Label, LLC, a loan from Sugar River Mills Development and a loan from Red River Computer Company;
- (b) a bank loan of approximately \$6.2 million, and
- (c) a CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an

aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

The equity portion of the financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

The CDE, after deducting certain fees and expenses, will loan \$15,495,484 to Wainshall Partners, LLC (the "Partners") for a term of 84 months at an annual interest rate of 3.841%. In addition, the CDE will also make the equity investment of \$1,152,941 into Wainshall Partners, resulting in the total investment into the project of \$16,648,425.

The County will retain \$12,000 for grant administrative costs, related to the management of the grant and CRDC will retain \$8,000 for costs related to loan documentation.

2. LOAN TERMS.

The loan shall provide that CRDC shall lend, and Wainshall Partners, LLC, indirectly through the New Markets Tax Credit structure, shall borrow, in total, \$650,000, as part of the financing for the redevelopment of Wainshall Mill. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund.

The \$650,000 loan from CRDC will accrue at 5% interest only for the 84 months (7 years). The loan will have the guarantee of Wainshall Partners, LLC. and the personal guarantees of the owners of RRCC. A mortgage on the property will be provided to CRDC, subordinated to the primary lender.

2.1 The Loan Agreement shall include Employment Commitments described below in Paragraph 4.

2.2 The Loan Agreement shall provide for the execution of a promissory note of \$650,000 for the support of the redevelopment of the Wainshall Mill.

2.3 The loan payments for the note shall fully amortize over twenty (20) years, with interest accruing at a fixed rate of five percent (5.00%). Full repayment is required at the end of the seventh year.

2.4 The interest, 5.00%, will accrue for the seven years, and with the original principal, be considered accrued equity in the building.

2.5 CRDC shall enter into a UCC Lien with Wainshall Partners, LLC, through the New Markets Tax Credit structure which shall provide for a recovery of the \$480,000 in CDBG funds invested in redevelopment of the Wainshall Mill, in the event that the employment commitments as provided herein are not achieved. The collateral will be in the form of a secured mortgage position on the facility owned by Wainshall Partners, LLC, subordinate only to the private bank.

2.6 CRDC shall also be provided the guarantees of Wainshall Partners, LLC and the owners of Red River Computer Company.

2.7 The loan is conditional upon documentation confirming the financing structure described in Exhibit A, Paragraph 4.

2.8 Wainshall Partners, LLC shall enter into a Promissory Note wherein it agrees to pay to the CRDC the principal and interest as provided above. It shall require that Wainshall Partners, LLC pay on demand all reasonable costs of collection, including court costs, service fees and attorneys fees, whether or not any foreclosure or other action is instituted by the holder in its discretion; and late charges in the event of any installment payment is not received within the terms set by the CRDC.

3. LOAN REPAYMENTS

The long-term benefit of the project for low and moderate income persons is achieved by the capitalization of the Revolving Loan Fund of the regional development corporations involved. Any principal payments from the loan shall be deposited in the Revolving Loan Fund operated by the CRDC, designated for the use of CRDC's lending activities. Subsequent uses of the funds shall be for activities eligible under the Housing and Community Development Act of 1974, as amended, that demonstrate a financial need and primarily benefit people from low and moderate income families.

CRDC is required by this grant to maintain its Revolving Loan Fund for the specific purposes of supporting its lending activities only in Sullivan County. Principal payments from the Wainshall Partners loan must capitalize that Revolving Loan Fund. With the submission of the Subrecipient Agreement to CDFA, evidence of the establishment of the Sullivan County/Claremont Loan Fund must be provided to CDFA.

4. EMPLOYMENT COMMITMENTS.

As a condition of the Loan from CRDC to Wainshall Partners, LLC, indirectly through the New Markets Tax Structure, the commitment to create at least thirty-eight (38) new full-time equivalent permanent jobs will be incorporated. At least twenty-three (23) of said positions, or sixty percent (60%), will be filled by low and moderate income persons.

4.1 As a condition of the Loan between CRDC and Wainshall Partners, LLC, RRCC will create at least thirty-eight (38) new full-time equivalent permanent jobs. At least twenty-three (23) of said positions, or sixty percent (60%), will be filled by low and moderate income persons.

4.1.1 The positions created by RRCC will include fifteen sales representatives, fifteen administrative support personnel for sales, five administrative support personnel for accounting and three shipping and receiving clerks. A minimum of 60% of these new employees will be low and moderate income persons at the time of hiring; high school education is required for these entry level positions. Their wages are comparable or slightly higher than those of the Claremont labor market.

4.1.2 The employee benefit plan offered by RRCC is very competitive and includes: (1) eleven holidays per year, some fixed, some floating; (2) vacation and occasional time of more than two weeks; (3) health and dental insurance for employees with 95% of the premium paid by RRCC; (4) long term disability insurance and life insurance paid by RRCC; (5) participation in a 401K plan with the employer matching up to 3% of salary; (6) tuition reimbursement; and (7) match for employee's charitable contribution.

4.2 The subrecipient, CRDC has agreed to oversee the creation of the jobs and shall make arrangements to ensure compliance with the creation of the targeted jobs within the grant agreement, in the event that RRCC fails to create the full complement of jobs. (Attachment IV)

5. INITIAL DOCUMENTATION.

5.1 To document RRCC's existing employees at the start of this Project, RRCC shall provide to the Grantee certified payrolls documenting the number of full-time and full-time equivalent employees and position titles in all US operations no earlier than the date of Governor and Council approval of the Agreement between the Grantee and CDFA.

5.2 To document the new permanent, full time positions to be created, RRCC shall provide the Grantee with a listing, by job title, of the total jobs to be created, indicating: (a) which jobs will

be available to low and moderate income persons; (b) which jobs will require special skills or education and; (c) which jobs will be part-time.

5.3 To document the availability of said new jobs to low and moderate income persons, RRCC shall provide a description of the actions to be taken to ensure that low and moderate income persons will receive first consideration for these jobs, including what actions will be taken to recruit low and moderate income applicants.

6. EMPLOYMENT REPORTING

6.1 Semi Annual reports shall be submitted to the Grantee not less than five (5) business days prior to the Grantee semi-annual submission date, that is, no later than July 10 for the period of January 1 through June 30 and no later than January 10 for the period of July 1 through December 31 of each year. The reporting period shall begin on the date of Governor and Council approval and end on the Completion Date specified in Section 1.6 of the General Provisions of the contract between the Grantee and the Community Development Finance Authority.

6.2 For the Closeout Report, RRCC and any other lessee or transferee of Project Property shall report final information on protected groups as required by the "Beneficiary Characteristics Report" and the "Applicant Characteristics Report." RRCC shall certify the number and percentage of applicants and employees for the specified new positions from Low and Moderate Income families benefiting from this project.

6.3 Semiannual and closeout documentation of employees shall include: (a) copies of current company payrolls, certified by an authorized officer of RRCC, listing the name of employees and job titles, and (b) copies of family income verifications signed by applicants, with the designation of beneficiary minority or protected class status. Report forms for job applicants and beneficiaries are provided in Attachment V.

6.4 As documentation of and for purposes of monitoring Project employment commitments, RRCC shall submit to the Grantee within the semi-annual report, the following:

6.4.1 Total job growth based upon the number of specified new positions filled during the reporting period and to date; the number of positions filled with persons from Low and Moderate Income families; and employee minority or protected class status. Documentation shall be for the first person hired into each of the said new positions.

6.4.2 A completed copy of the Beneficiary Characteristics Report for the reporting period shall be included. Documentation shall be based upon RRCC's certified payrolls, family income verifications and employee questionnaires.

6.5 As documentation of and for purposes of monitoring Project hiring commitments, RRCC shall submit to the Grantee within the semi-annual report, the following:

6.5.1 The total number of applicants for the specified new positions during the reporting period and to date; the number of applicants who were persons from Low and Moderate Income families; and minority or protected class status of applicants.

6.5.2 A completed copy of the Applicant Characteristics Report for the reporting period shall be included. Documentation shall be based upon data collected at the time of application for said jobs, including family income verification and employee questionnaires.

7. OTHER EMPLOYMENT CONDITIONS

7.1 In the event that RRCC fails to establish the minimum number of jobs required to be filled with persons from Low and Moderate Income Families or other employment commitment as provided in this Paragraph, then RRCC shall confer forthwith with CRDC, the Grantee and CDFA and develop a mutually acceptable plan pursuant to which it will rectify any employment shortfalls and maintain the required minimums. In such event, RRCC shall also provide CRDC with monthly updates containing information in a form reasonably satisfactory to CRDC in order for CRDC to determine whether it is in compliance with such plan and its employment obligations as provided herein, said monthly reports to continue until the employment commitments are achieved.

7.2 The continued failure of RRCC to achieve its employment commitments as required herein for ninety (90) days following the date specified for such requirement shall constitute an event of default under the loan, which shall give rise to any of the remedies available to CRDC as set forth therein.

7.3 The parties acknowledge that the obligation of RRCC to provide the specified minimum number of jobs for Low and Moderate Income Persons is an essential component of CRDC's willingness to make a loan to RRCC, upon the terms and conditions set forth in such loan conveyance, or other transfer document. RRCC agrees that it shall exercise good faith at all times in its hiring practices in order to achieve its job commitments.

7.4 In any loan, or other agreement entered into between CRDC and RRCC, CRDC shall include, as an event of default, the failure to meet the employment commitments and reporting requirements as provided herein. Upon breach of the employment commitments or reporting requirements giving rise to an event of default, CRDC shall undertake efforts to result in a cure of the default or shall, where applicable, terminate the loan or other agreement and seek damages or other relief as appropriate.

8. GENERAL INDEMNIFICATION.

8.1 RRCC shall indemnify, defend and hold harmless CRDC, Grantee and CDFA against and from any and all claims, judgments, damages, penalties, fines, assessments, costs and expenses, liabilities and losses (including without limitation damages for the loss or restriction on the use of the Property, sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) resulting or arising during the term of the loan:

- (1) from any condition of the Property, including any building structure or improvement thereon;
- (2) from any breach or default on the part of the Businesses in the performance of any mortgage lien or agreement to be performed pursuant to the terms of the loan, or from any act or omission of the Businesses or any of their agents, contractors, servants, employees, subloans, licensees or invitees; or
- (3) from any accident, injury or damage whatsoever caused to any person occurring during the term of the loan, on the Property or areas adjacent thereto.

9. ENVIRONMENTAL PROTECTION.

9.1 The Business shall comply with all federal, state and local laws, regulations, and standards relating to protection or preservation of the environment that are or may become applicable to its activities at the Project Property.

9.2 The Business, and any sublessee or assignee of the Businesses and shall be solely responsible for obtaining, at their cost and expense, any environmental permits required for their operations.

9.3 The Business shall indemnify, defend and hold harmless CRDC, Grantee and CDFA against and from all claims, judgments, damages, penalties, fines, costs and expenses, liabilities and losses (including, without limitation, diminution in value of the premises, damages for the loss or restriction on the use of the premises, and sums paid in settlement of claims, attorney's fees, consultant's fees and experts' fees) resulting or arising from discharges, emissions, spills, relocations, storage, or disposal of any hazardous substances or any other action by the Business or any sublessee or assignee of the Business, giving rise to CRDC or Grantee or CDFA or State liability, civil or criminal, or responsibility under federal, state or local environmental laws.

This indemnification includes, without limitation, any and all claims, judgments, damages, penalties, fines, costs and expenses, liabilities and losses incurred by CRDC, Grantee or the State or the CDFA in connection with any investigation or site conditions, or any remedial or removal action or other site restoration work required by any federal, state or local governmental unit or other person for or pertaining to any discharges, emissions, spills, relocations, storage or disposal of hazardous substances arising or resulting from any act or omission of CRDC at the Project Property.

The provisions of this Section shall survive the expiration or termination of the loan or other agreements.

10 THE BUSINESS REPRESENTATIONS AND WARRANTIES.

The Business shall represent and warrant:

10.1 The Business has obtained or will obtain all necessary approvals of the plans and all necessary permits for the operation of its business from all governmental authorities having jurisdiction over the Project;

10.2 Construction of any improvements for the Project will not violate any zoning, environmental, subdivision, or land use ordinance, regulation or law; the Property conforms and complies in all material respects with covenants, conditions, restrictions, reservations and zoning, environmental land use, and other applicable ordinances, laws, rules and regulations, federal, state or local, affecting the Property;

10.3 No litigation, claims, suits, orders, investigations or proceedings are pending or threatened against the Business or affecting the Property or the Project at law or in equity or before or by any federal, state, municipal or other governmental instrumentality; there are no arbitration proceedings pending under collective bargaining agreements or otherwise; and to the knowledge of the Businesses there is no basis for any of the foregoing;

10.4 The Business has filed all federal, state and local tax returns required to be filed and have paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments;

10.5 The Business is a duly organized and validly existing Corporation registered in New Hampshire and in good standing under the laws of this state. The Business has the power and authority to own their properties and to conduct business as it is now being conducted and have the power to execute and deliver, and perform their obligations under the Loan Documents and the Beneficiary Employment Commitment Agreement;

10.6 The execution and delivery and performance by the Business of its obligations under the Loan Documents have been duly authorized by all requisite corporate action and will not violate any

provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which the Business is a party, or by which they are bound, or be in conflict with result in a breach of, or constitute a default under, or, except as may be provided therein, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of both the Business pursuant to any such indenture, agreement or instrument. The Business is not required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any governmental instrumentality or other agency in connection with or as a condition to the execution, delivery or performance of the Loan Documents;

10.7 The Business is not contemplating either the filing of a petition under any state or federal bankruptcy or insolvency laws or the liquidating of all or a major portion of its property, and has no knowledge of any person contemplating the filing of any such petition against it.

10.8 No statement of fact made by or on behalf of the Business in any of the Loan Documents or in any certificate, exhibit or schedule furnished to CRDC pursuant thereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact or circumstance presently known to the Business that has not been disclosed to CRDC that materially affects adversely, nor as far as the Business can foresee, will materially affect adversely the Business, operations or considerations (financial or otherwise) of the Business.

10.9 The Business has complied in all material respects with all applicable statutes, regulations and rules of federal, state and local governments in respect to the conduct of its business and operations, including without limitation all applicable environmental statutes, regulations and rules and all statutes, regulations and rules and all statutes, regulations and rules pertaining to the manufacturing of its products.

10.10 No Event of Default has occurred and is continuing under the Loan Documents and no event or condition which would, upon notice of expiration of any applicable cure, constitute an Event of Default has occurred and is continuing; the Business is not in default under any not or other evidence of indebtedness or other obligations for borrowed money or any mortgage, deed to trust, indenture, loan agreement or other agreement relating thereto.

10.11 All representations, warranties and obligations of the Business as provided in any loan documents to include the employment commitments shall be applicable to their successors and assigns.

Each of the foregoing representations and warranties is true and correct as of the date of the Loan Documents and the Business shall indemnify and hold harmless Grantee and CDFA from and against any loss, damage, or liability attributable to the breach thereof, including any and all fees and expenses incurred in the defense or settlement of any claim arising therefrom against Grantee or CDFA.

11. ADDITIONAL EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an additional Event of Default under the Loan Documents:

11.1 A default by Wainshall Partners, LLC, through the New Markets Tax Credit structure under its Loan Agreement with CRDC;

11.2 The Business's failure to meet the employment commitments as specified herein;

11.3 The Business's failure to comply with the employment reporting requirements as specified herein;

11.4 Any attempt by Wainshall Partners, LLC to assign its rights under the Loan Documents or any advance made or to be made hereunder or any interest therein, or if the Secured Property is conveyed or encumbered in any way without the prior written consent of Grantee and CDFA;

11.5 The Premises are materially damaged or destroyed by fire or other casualty or cause and the insurance proceeds therefrom are inadequate to rebuild or restore the Premises to their condition immediately prior to such casualty;

11.6 Any representation or warranty made herein or in any report, certification, or other instrument furnished in connection with the Loan Documents or any advances of Grant funds made hereunder, by or in behalf of the Business shall prove to be false or misleading in any material respect;

11.7 Any mechanics', laborers', materialmen's or similar statutory lien, or any notice thereof, shall be filed against the Business and shall not be discharged within thirty (30) days of such filing;

11.8 The Business shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of it or any of its property, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law;

11.9 A petition, order, judgement or decree shall be entered, without the application, approval or consent of the Business by any court of competent jurisdiction, approving a petition seeking reorganization or approving the appointment of a receiver, trustee or liquidator of the Business of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) days;

11.10 The dissolution, termination of existence, merger or consolidation of the Business or a sale of assets of the Business out of the ordinary course of business without the prior written consent of CRDC; and

11.11 Failure to remedy an ineligible expenditure of grant funds or to reimburse CRDC, Grantee or CDFA for any ineligible costs which are paid from Grant funds.

ATTACHMENT IV
BENEFICIARY EMPLOYMENT COMMITMENT AGREEMENT
MINIMUM TERMS AND CONDITIONS

Grantee hereby warrants and agrees that the Beneficiary Employment Commitment Agreement to be executed in conformance with the requirements of Paragraph 5 of Exhibit A of the Grant Agreement shall be subject to approval by CDFA and shall contain at a minimum the following terms and conditions:

1. REPRESENTATION AND WARRANTIES. Red River Computer Company (RRCC) shall represent and warrant:

1.1 That RRCC (the "Business") is a duly organized and validly existing New Hampshire corporation in good standing under the laws of the State of New Hampshire. RRCC has the power and authority to carry on the business to be conducted as part of the grant activities and has the power to execute and deliver and perform its obligations under their Beneficiary Employment Commitment Agreement.

1.2 The Beneficiary Employment Commitment Agreement is the legal, valid and binding obligation of RRCC, enforceable against the Business in accordance with its terms.

1.3 RRCC shall comply in all material respects with all applicable federal, state and local laws, statutes, rules and regulations pertaining to the grant activities.

1.4 No application, exhibit, schedule, report or other written information provided by RRCC or its agents to Grantee or CDFA in connection with the negotiation, execution and closing of the Grant Agreement or the Beneficiary Employment Commitment Agreement knowingly contained when made any material misstatement of fact or knowingly omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

2. PURPOSE OF BENEFICIARY EMPLOYMENT COMMITMENT AGREEMENTS:
AGREEMENT ACTIVITIES

2.1 The purpose of the project, which is the subject of this Beneficiary Employment Commitment Agreement, is the grant of funds to be used to support the redevelopment of the Wainshall Mill, which will in turn allow for the relocation and expansion of Red River Computer Company at the Mill.

2.2 Based upon the benefit, received from the loan to Wainshall Partners, LLC., described in Exhibit A, Red River Computer Company (RRCC) has agreed to enter into a specific employment commitment, requiring the creation of new jobs to be filled by individuals of Low and Moderate Income.

2.3 In carrying out the purpose of the project, RRCC agrees to create a minimum of thirty-eight (38) new permanent full time equivalent employees, of which twenty-three (23) or sixty percent (60%) will be from low and moderate income households.

2.3.1 The positions created by RRCC will include fifteen sales representatives, fifteen administrative support personnel for sales, five administrative support personnel for accounting and three shipping and receiving clerks. A minimum of 60% of these new employees will be low and moderate income persons at the time of hiring; high school education is required for these entry level positions. Their wages are comparable or slightly higher than those of the Claremont labor market.

2.3.2 The employee benefit plan offered by RRCC is very competitive and includes: (1) eleven holidays per year, some fixed, some floating; (2) vacation and occasional time of more than two weeks; (3) health and dental insurance for employees with 95% of the premium paid by RRCC; (4) long term disability insurance and life insurance paid by RRCC; (5) participation in a 401K plan with the employer matching up to 3% of salary; (6) tuition reimbursement; and (7) match for employee's charitable contribution.

3. BENEFICIARY EMPLOYMENT COMMITMENT AGREEMENT: REQUIREMENTS:

3.1 RRCC shall enter into an agreement with the Grantee, meeting the terms and conditions as required herein.

3.2 The Beneficiary Employment Commitment Agreement shall provide that RRCC, its successors and assigns, shall create full-time year-round jobs for thirty-eight (38) persons at the project property, of which jobs twenty-three (23) or sixty percent (60%) will be filled by persons of low and moderate income.

3.3 The Beneficiary Employment Commitment Agreement shall stipulate that RRCC shall provide the benefits described above in paragraph 2.3.

4. SECURITY: MORTGAGE LIEN

4.1 Wainshall Partners, LLC shall provide a mortgage, on the Wainshall mill, land and building, to the Grantee and on behalf of CDFA, which shall provide for a recovery of the CDBG funds invested in the redevelopment of the Wainshall Mills site, in the event that the employment commitments as provided herein are not achieved.

As stated, the Mortgage Lien on the Wainshall Mill site provides a secured guarantee of the performance of the job creation commitment by the Grantee. If the Grantee and Wainshall Mill, LLC wish to propose an alternative form of collateral of similar value, the CDFA will consider its proposal and will accept it if it provides a similar level of security as the mortgage on the hotel.

The mortgage shall be submitted to CDFA for its' approval. Grantee shall submit to CDFA documentation of the mortgage recording.

4.2 The mortgage lien shall provide for the recovery by Grantee, on behalf of CDFA, of the CDBG funds expended on this Project, in the event that RRCC is not in compliance with its' commitment to job creation as defined herein. The amount of CDBG funds subject to recovery in accordance with this paragraph shall be no more than \$480,000.

4.3 Any CDBG funds returned to Grantee pursuant to enforcement of the Mortgage Lien shall be returned to CDFA.

5. MATCH REQUIREMENTS

5.1 The agreement shall require that the grantee ensure that the required match for the CDBG funds of no less than \$16,188,425, as additional financing for the redevelopment, will be provided.

5.1.1 Equity financing of \$8.9 million consists of approximately (a) \$3.2 million in Historic Tax Credits and (b) \$5.7 million in New Markets Tax Credits.

5.1.2 Debt financing consisting of:

- A developer loan from Wainshall Partners, LLC of \$1,000,000 – an

aggregation of a loan from Woven Label, LLC (approximately \$365,600), a loan from Sugar River Mills Development (\$165,400) and a loan from Red River Computer Company (\$469,000);

- A bank loan of approximately \$6.2 million;
- A CRDC/CDBG loan, the subject of this grant request, of \$650,000. The CRDC loan will be an aggregation of the CDBG funds (\$480,000) and direct funds from CRDC (\$170,000) through its Sullivan County Revolving Loan Fund. The \$650,000 loan from CRDC will accrue at 5% interest only for the 84 months (7 years). The loan will have the guarantee of Wainshall Partners, LLC. and the personal guarantees of the owners of RRCC. A mortgage on the property will be provided to CRDC, subordinated to the primary lender.

6. REPORTING REQUIREMENTS:

6.1 To document RRCC's existing employees at the start of this Project, RRCC shall provide certified payrolls documenting the number of full-time and full-time equivalent employees and position titles positions in its U. S. operations and facilities, no earlier than the date of Governor and Council.

6.2 Semi Annual reports shall be submitted to the Grantee not less than five (5) business days prior to the Grantee semi-annual submission date. The information shall be submitted by December 30 and June 30 of each year to allow the Grantee to make timely reports to CDFA. The reporting period shall begin on the date of Governor and Council approval and end on the Completion Date specified in Section 1.6 of the General Provisions of the contract between the Grantee and the Community Development Finance Authority.

6.3 RRCC shall submit to the Grantee a list of all employees hired since the last reporting period indicating names, positions, income and minority or protected class status and date of hire. Semiannual and closeout documentation of employees shall include copies of current company payrolls, certified by an authorized officer of RRCC , listing job titles and names of employees, copies of family income verifications signed by employees, and designation of beneficiary minority or protected class status. Report forms for job applicants and beneficiaries are provided in Attachment III.

6.3.1 For each new employee at time of hiring, RRCC shall verify and document family income status and minority or protected class status in accordance with the federal regulations set forth in Section 5 of the General Provisions of the Grant Agreement.

6.3.2 For each applicant for an open position, RRCC shall verify and document family income status and minority or protected class status in accordance with the federal regulations set forth in Section 5 of the General Provisions of the Grant Agreement.

7. ACCOUNTING, AUDIT AND RECORD KEEPING REQUIREMENTS.

7.1 All of the records, documents and data described required to provide all employment verification information shall be kept during the performance of the Project and for three (3) years after its completion or until the satisfactory completion of an audit, whichever is later.

7.2 RRCC shall make available to Grantee, CDFA and HUD or any of their duly authorized representatives, for the purpose of audit and examination, its audit and any books, documents, papers, and records pertinent to this Project.

8. INDEMNIFICATION. RRCC will indemnify and hold harmless Grantee and the State and the CDFA, their officers and employees, from and against any and all losses suffered by Grantee or the State or the CDFA, their officers or employees, and any and all claims, liabilities or penalties asserted against Grantee or the State or the CDFA, their officers and employees, by or on behalf of

any person, on account of, based on, resulting from, arising out of or claimed to arise out of the acts or omissions of RRCC. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which is hereby reserved to the State. This covenant shall survive the termination or expiration of the Beneficiary Agreement.

9. MISCELLANEOUS PROVISIONS.

9.1 RRCC shall preserve and maintain the legal existence and good standing of its status and its registration in New Hampshire as required to do business.

9.2 RRCC shall not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of CDFA, and any attempted assignment or transfer without such consent shall be ineffective, null, void, and of no effect.

9.3 No amendment or modification of the Beneficiary Employment Commitment Agreement shall be effective unless it is in writing and executed by both parties and approved by CDFA.

10. EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an Event of Default under the Agreement:

10.1 RRCC's failure to meet the employment commitments as specified herein;

10.2 RRCC's failure to comply with the employment reporting requirements as specified herein;

10.3 If RRCC shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of it or any of its property, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in an proceeding under any such law;

10.4 A petition, order, judgment or decree shall be entered, without the application, approval or consent of RRCC by any court of competent jurisdiction, approving a petition seeking reorganization or approving the appointment of a receiver, trustee or liquidator of RRCC of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) days; and

10.5 The dissolution, termination of existence, merger or consolidation of RRCC or a sale of wither's assets out of the ordinary course of business without the prior written consent of Grantee.

11. REMEDIES UPON DEFAULT.

11.1 In the event that RRCC shall default in its commitment to provide the required number of employment positions as provided in the Agreement or shall otherwise default under the terms of the Agreement and such default results in the required return of Grant Funds to CDFA, Grantee shall obtain, through its own remedy, a reimbursement of grant fund expenditures from the RRCC.

ATTACHMENT V

APPLICANT CHARACTERISTICS REPORT

BENEFICIARIES CHARACTERISTICS REPORT

SULLIVAN COUNTY INCOME VERIFICATION

(See Attached)

ECONOMIC DEVELOPMENT

Sullivan County FAMILY INCOME VERIFICATION FORM - 2007

MUNICIPALITY: _____ APPLICANT NAME: _____
NAME OF BUSINESS: _____ POSITION BEING APPLIED FOR: _____
ADMINISTRATOR: _____ CURRENTLY EMPLOYED? YES _____ NO _____

The Above Business has benefited from funding provided to the Municipality, above, by the Community Development Block Grant (CDBG) program. The program requires that all applicants must complete the following verification. If you have questions, contact the Grant Administrator, listed above. Your assistance in the completion of this form is greatly appreciated. It will be held in strict confidence, and used only to verify that we are meeting the requirements of the grant program.

Please complete all fields above and both portions of the form – Part I and Part II

PART I

INCOME AND HOUSEHOLD DATA

Please choose the row that represents your family size and circle the Income Category that best describes your family income. Family income includes wages and salaries, interest, net business income, social security, pensions, alimony received, VA benefits, and educational benefits received by all family members living at home. Alimony paid may be deducted. This verification form should reflect your current family income. This data is required by the CDBG program.

Number of Persons in Family	Income Category A	Income Category B	Income Category C	Income Category D
1	\$0 to \$13,249	\$13,250 to \$22,049	\$22,050 to \$35,299	Over \$35,300
2	\$0 to \$15,099	\$15,100 to \$25,199	\$25,200 to \$40,299	Over \$40,300
3	\$0 to \$16,999	\$17,000 to \$28,349	\$28,350 to \$45,349	Over \$45,350
4	\$0 to \$18,899	\$18,900 to \$31,499	\$31,500 to \$50,399	Over \$50,400
5	\$0 to \$20,399	\$20,400 to \$33,999	\$34,000 to \$54,449	Over \$54,450
6	\$0 to \$21,899	\$21,900 to \$36,549	\$36,550 to \$58,449	Over \$58,450
7	\$0 to \$23,449	\$23,450 to \$39,049	\$39,050 to \$62,499	Over \$62,500
8	\$0 to \$24,949	\$24,950 to \$41,599	\$41,600 to \$66,549	Over \$66,550

PART II

RACE, ETHNICITY AND HOUSEHOLD DATA

Data with regard to (1) Household Status; (2) Racial Characteristics and (3) Ethnicity information – in expanded categories – is being requested, in order to measure the impact of the program on the diverse population of the U.S.

Please circle the appropriate racial, ethnic, familial status, age, and handicapped category that applies to you. A number of categories may apply to you. Please note this information will be used for analysis purposes only. We ask you to provide this information on a voluntary basis. If you do not wish to provide the information, you may refuse to do so.

CIRCLE ALL IN EACH CATEGORY THAT APPLY

RACE

White
Black or African American
Asian
American Indian or Alaska Native
Native Hawaiian or Other Pacific Islander

American Indian or Alaska Native & White
Asian & White
Black or African American & White
American Indian or Alaska Native &
Black or African American

ETHNICITY

Hispanic or Latino
NOT Hispanic or Latino

HOUSEHOLD

Elderly (62 + years)
Handicapped
Female Head of Household
Not Applicable

Signature _____

Printed Name _____

Date _____

CERTIFICATE

I, Jeff Barrette, Clerk of Sullivan County, New Hampshire do hereby certify that: (1) at the Meeting held 11/26/07, the Sullivan County Delegation voted to authorize the County to apply for, accept and expend money from state, federal, or other governmental unit or a private source which becomes available during the fiscal year, in accordance with the procedures set forth in New Hampshire (RSA 31:95-b); (2) at the meeting on 11/26/07, the Sullivan County Commissioners voted to accept Community Development Block Grant funds and enter into a contract with the Community Development Finance Authority. The County Commissioners further authorized the County Business Manager to execute any documents which may be necessary to effectuate this contract; (3) this authorization has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date hereof; and (4) the following person has been appointed to and now occupies the office indicated under item (2) above:

Edward Gil de Rubio, County Business Manager
Name and Title of Officer Authorized to Sign

IN WITNESS WHEREOF, I have hereunto set my hand as the Clerk of Sullivan County, New Hampshire this 26 day of NOVEMBER, 20 07.

Jeff Barrette
Jeff Barrette, County Clerk

State of New Hampshire

County of

On this, the 26th day of November, 20 07, before me Doireann Violette [Notary Public/Justice of the Peace], the undersigned officer, Jeffrey Barrette, personally appeared and acknowledged him/herself to be the Clerk of Sullivan County, New Hampshire, and that he, as such County Clerk, being authorized so to do, executed the foregoing instrument for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

Doireann H. Violette
Justice of the Peace/Notary Public

Commission Expiration Date:

DOIREANN H. VIOLETTE, Notary Public
My Commission Expires February 5, 2008

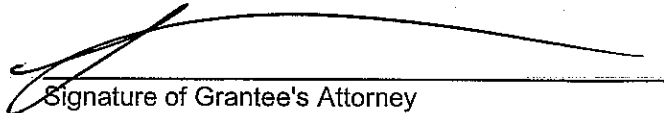
Seal

CERTIFICATION OF GRANTEE'S ATTORNEY

I, Marc Haraway acting as Attorney for Edmund Co, New Hampshire do hereby certify:

That in my opinion the Grantee is empowered to enter into the foregoing Grant Agreement under the laws of the State of New Hampshire. Further, I have examined the foregoing Grant Agreement and the actions taken by said Grantee and have determined that Grantee's official representative has been duly authorized to execute this Grant Agreement and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and applicable federal laws. In addition, for grants involving projects to be carried out on property not owned by Grantee, there are no legal impediments that will prevent full performance by the Grantee. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of Grantee in accordance with the terms thereof.

Dated at Lebanon this 28th day of December 2007.


Signature of Grantee's Attorney